

REFERENCE TITLE: omnibus tax relief act.

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2876

Introduced by
Representative Weiers J (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 9-121, 9-122, 9-524 AND 9-528, ARIZONA REVISED STATUTES; AMENDING SECTION 9-571, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 239, SECTION 2; AMENDING SECTIONS 9-824, 11-269.02, 11-671, 15-403 AND 15-450, ARIZONA REVISED STATUTES; AMENDING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 2 AND CHAPTER 217, SECTION 4; AMENDING SECTION 15-491, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 3 AND CHAPTER 217, SECTION 5; AMENDING SECTION 15-1465, ARIZONA REVISED STATUTES; AMENDING SECTION 16-204, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 5; AMENDING SECTIONS 35-452 AND 35-453, ARIZONA REVISED STATUTES; AMENDING SECTION 35-454, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 44, SECTION 14 AND CHAPTER 217, SECTION 7; AMENDING SECTION 41-1276, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-1116, 42-5001, 42-5010, 42-5029 AND 42-5069, ARIZONA REVISED STATUTES; REPEALING SECTION 42-5077, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-5201 AND 42-5202, ARIZONA REVISED STATUTES; REPEALING TITLE 42, CHAPTER 5, ARTICLE 9, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-17201, 42-17202 AND 42-17203, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1011, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1183, ARIZONA REVISED STATUTES, AS ADDED BY LAWS 2006, CHAPTER 14, SECTION 5; AMENDING SECTION 48-707, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 132, SECTION 2; AMENDING SECTION 48-719, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 132, SECTION 5; AMENDING SECTION 48-723, ARIZONA

REVISED STATUTES, AS AMENDED BY LAWS 2006, CHAPTER 132, SECTION 6; AMENDING SECTIONS 48-1037, 48-1045, 48-1409, 48-1413, 48-1416, 48-1612, 48-1615, 48-1793, 48-1907, 48-1912, 48-2011.01, 48-2020, 48-2214, 48-2223, 48-2442, 48-2635, 48-2708, 48-2709, 48-2751, 48-2773, 48-3189, 48-3190, 48-3618, 48-4021, 48-4543, 48-5501.01 AND 48-5566, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-121, Arizona Revised Statutes, is amended to
3 read:

4 9-121. Consolidation of towns

5 A. When the common councils of two incorporated towns having a common
6 boundary and located in a county having a population of less than one hundred
7 fifty thousand PERSONS each pass a resolution requesting an election for the
8 purpose of consolidating the two towns into one incorporated town, the board
9 of supervisors of the county shall, within sixty days after certified copies
10 of the resolutions of the two towns are filed with the clerk of the board of
11 supervisors, adopt a resolution calling an election upon the question of the
12 consolidation, and the question of the name of the new proposed town, which
13 election shall be held on a date prescribed by section 16-204 but not more
14 than one hundred eighty days after the county resolution is filed. The
15 resolution shall set forth the following:

- 16 1. The date on which the election is to be held.
- 17 2. The places where votes may be cast, and at least one place shall be
18 designated within the corporate limits of each of the two towns.
- 19 3. The hours between which the polling places will be open.
- 20 4. The name of the proposed consolidated town listing two to four
21 choices.

22 B. The election resolution shall be published in full at least once,
23 not less than fifteen nor more than thirty days prior to the date of the
24 election in a newspaper published in the county. If there is no such
25 newspaper, the resolution shall be posted in five conspicuous places in each
26 of the municipalities not less than fifteen nor more than thirty days prior
27 to the date of the election.

28 C. At the election, the ballot shall contain and may be limited to the
29 following:

30 1. The phrases "for the consolidation" and "against the
31 consolidation". To the right of and opposite each phrase shall be placed a
32 square approximately the size of squares placed opposite the names of
33 candidates on ballots. The voter shall indicate his vote for the
34 consolidation or against the consolidation by inserting the mark "X" in the
35 square opposite the appropriate phrase. No other question, word nor figure
36 need be printed on the ballot. The ballot need not be any particular size
37 nor need sample ballots be printed, posted or distributed.

38 2. The phrase "if consolidation is approved, choose one of the
39 following as the name of the new proposed town." To the right of and
40 opposite each suggested name shall be placed a square approximately the size
41 of squares placed opposite the names of candidates on ballots. The voter
42 shall indicate the vote for the name of the new proposed town by inserting
43 the mark "X" in one square only opposite the name chosen.

44 D. Only qualified electors of the towns shall vote on the question. If
45 a majority of the qualified electors voting thereon, in each incorporated

1 town, votes for consolidation, then the board of supervisors shall by an
2 order entered of record by the board declare the two incorporated towns
3 consolidated into one incorporated town, and the order of the board shall
4 designate the name of the town, which shall be the name chosen by the most
5 voters in the election as set forth in the resolution calling the election.

6 E. Except as otherwise provided in this article, the manner of
7 conducting the registration and election, keeping the poll lists, making the
8 returns, declaring the results and doing all acts relating to the election
9 shall conform to the procedure provided by law for the registration and
10 qualification of electors and holding ~~special~~ elections wherein the question
11 of issuance of bonds of municipal corporations is submitted to an election.

12 F. The first common council for the new town shall be appointed by the
13 board of supervisors in the manner provided in section 9-231, for towns newly
14 incorporated.

15 G. The incorporated limits of the new town shall be the combined
16 corporate limits of the two former incorporated towns at the time of the
17 election. The ordinances and resolutions of the former towns shall continue
18 in force unless repealed or changed by the new common council. In case of
19 conflict between ordinances or resolutions, the ordinance or resolution of
20 the former town having the largest population at the last federal decennial
21 census shall prevail. The new town shall be liable for all debts and
22 liabilities of the two former towns, and shall be entitled to receive all
23 property and rights of action belonging to the former towns.

24 H. Towns incorporated pursuant to ~~the provisions of~~ this article shall
25 have all powers, duties, rights and privileges granted to incorporated towns
26 under the laws and constitution of the state of Arizona.

27 Sec. 2. Section 9-122, Arizona Revised Statutes, is amended to read:
28 9-122. Unification of a city and a town

29 A. If the common council of a city and the common council of a town
30 whose boundaries are within five miles of each other at one or more points
31 pass a resolution requesting an election for the purpose of unifying the city
32 and the town into one incorporated city, and a petition is received from the
33 unincorporated areas ~~which~~ **THAT** separate the city or town boundaries or are
34 contiguous to the boundaries and is signed by at least ten per cent of the
35 qualified electors in such unincorporated area, within sixty days, the board
36 of supervisors of the county shall adopt a resolution calling an election on
37 the question of the unification and the question of the name of the new
38 proposed city. The election shall be held on a date prescribed by section
39 16-204 but not more than one hundred eighty days after the county resolution
40 is filed. The resolution shall set forth the following:

41 1. The date on which the election is to be held.

42 2. The places where votes may be cast. At least one place shall be
43 designated within the corporate limits of the city and the town and the
44 unincorporated area proposing the unification.

45 3. The hours between which the polling places will be open.

1 4. The name of the proposed unified city.

2 B. The election resolution shall be published in full at least once,
3 not less than thirty nor more than sixty days before the date of the
4 election, in a newspaper published in the county. If there is no such
5 newspaper, the resolution shall be posted in five conspicuous places in each
6 of the municipalities and the affected unincorporated areas not less than
7 thirty nor more than sixty days before the date of the election.

8 C. At the election, the ballot shall contain and may be limited to the
9 phrases "for the unification" and "against the unification". A square
10 approximately the size of the squares placed opposite the names of candidates
11 on ballots shall be placed to the right of and opposite each phrase. A voter
12 shall indicate a vote for the unification or against the unification by
13 marking the ballot pursuant to the ballot instructions. The ballot is not
14 required to be any particular size, and sample ballots are not required.

15 D. Only qualified electors of the city, the town and the
16 unincorporated areas shall vote on the question. If a majority of the
17 qualified electors voting on the question in each area votes for unification,
18 the board of supervisors shall declare by an order entered of record the
19 city, town and unincorporated areas unified into one incorporated city. The
20 order of the board shall designate the name of the city.

21 E. Except as otherwise provided in this article, the manner of
22 conducting the registration and election, keeping the poll lists, making the
23 returns, declaring the results and doing all acts relating to the election
24 shall conform to the procedure provided by law for the registration and
25 qualification of electors and holding ~~special~~ elections in which the question
26 of issuance of bonds of municipal corporations is submitted to an election.

27 F. The board of supervisors shall appoint the first common council for
28 the new city. The board of supervisors shall appoint seven members at least
29 two of whom shall be from each of the three areas unified. Following
30 appointment, the council shall designate one of its members to serve as
31 mayor. At the earliest possible date following the formation of the new
32 city, the new city shall be divided by the appointed council into six
33 districts, and an election shall be called to fill the six council districts
34 and elect at large a directly elected mayor. The mayor and council members
35 shall serve four year staggered terms. At the first election, the three
36 council members with the highest vote shall serve four year terms and the
37 three other council members elected shall serve two year terms in order to
38 accomplish staggered terms for future elections.

39 G. The incorporated limits of the new city shall be those shown on the
40 resolutions from the incorporated city and town and shall be their combined
41 corporate limits plus the unincorporated areas that appear on the petition
42 submitted pursuant to subsection A of this section and that are between or
43 adjacent to the city and the town. In no event shall any such petition
44 include land or improvements utilized for mining, metallurgical or related
45 environmental remediation purposes without written consent of the

landowner. The ordinances and resolutions of the former city, town and county shall continue in force unless repealed or changed by the new common council, including franchises and transaction privilege taxes. In the case of conflict between ordinances or resolutions, the ordinances or resolutions of the former city or town with the larger population shall prevail, except that zoning regulations applying to property at the time of unification shall remain in effect until the council of the new unified city adopts a zoning ordinance applying to the property. The new city shall be liable for all debts and liabilities of the former city and town and shall be entitled to receive all property and rights of action belonging to the former city and town.

H. A city incorporated pursuant to this ~~article~~ SECTION has all powers, duties, rights and privileges granted to incorporated cities and towns under the laws and constitution of this state. For purposes of state shared revenues, including state ~~sales~~ TRANSACTION PRIVILEGE tax, state income tax, vehicle license taxes, highway user revenues and local transportation assistance fund monies, a combined amount ~~which~~ THAT would have been distributed to the former town and city unified shall be distributed to the new city until a combined census count including the unincorporated areas can be obtained. Once the combined census count is obtained, the updated census count shall be used for the distribution of the state shared revenues retroactive to the first of the month following unification. The annual population estimate of the unified city prepared by the department of economic security shall be used for distribution of local transportation assistance fund monies.

I. The unified city shall have a property tax levy limit calculated as the combined maximum allowable levy limit of the town and city unless another levy limit is approved by the voters of the unified city at a regularly scheduled election. The expenditure limit of the unified city shall be the alternative expenditure limitation of the largest city until the fiscal year following the unified city's first general election. At such election, the council may propose an alternative expenditure limitation or permanent base adjustment and if not approved the unified city's expenditure limitation shall be calculated using the formula provided for a newly incorporated city unless subsequently changed by the voters.

Sec. 3. Section 9-524, Arizona Revised Statutes, is amended to read:
9-524. Election order and call; publication; posting

A. The governing body shall order and call an election upon the question of the issuance of bonds. The order and call shall state in substance:

1. The maximum amount of bonds to be issued.
2. The purpose for which the bonds are to be issued.
3. The maximum rate of interest which the bonds are to bear.
4. A brief concise statement, which need not include any detail other than the mere statement of the fact, showing that the bonds will be payable

solely from revenues unless the bonds are to be tax secured bonds in which case the order and call shall state in substance that the bonds shall be payable from revenues and shall additionally be payable from taxes levied upon all taxable property in the municipality.

5. The date on which the election is to be held **AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

6. The places where votes may be cast.

7. The hours between which polling places will be open.

B. The order and call of election shall be published in full at least once, not less than fifteen nor more than thirty days prior to the date of the election, in a newspaper published in the county and of general circulation in the municipality. If there is no such newspaper, the order and call shall be printed in full and posted in five conspicuous places in the municipality not less than fifteen nor more than thirty days prior to the date of the election.

C. If the bonds are to be tax secured bonds, the order and call of election shall state, in addition to the requirements of subsection A **OF THIS SECTION**, the matters required by title 35, chapter 3, article 3 and shall be posted and published as required by that article rather than as provided in subsection B **OF THIS SECTION**.

Sec. 4. Section 9-528, Arizona Revised Statutes, is amended to read:
9-528. Application of election laws

Except as otherwise provided in this article, the manner of conducting the registration and election, keeping the poll lists, making the returns, declaring the results and doing all acts relating to the election shall conform to the procedure provided by law for the registration and qualification of electors and holding ~~special~~ elections wherein the question of issuance of bonds of municipal corporations is submitted to an election.

Sec. 5. Section 9-571, Arizona Revised Statutes, as amended by Laws 2006, chapter 239, section 2, is amended to read:

9-571. Wastewater treatment and drinking water treatment facilities and nonpoint source projects; financial assistance loan repayment agreements; definitions

A. Notwithstanding any other law, a city or town may construct, acquire from a willing seller or improve a wastewater treatment facility, drinking water facility or nonpoint source project with monies borrowed from or financial assistance including forgivable principal provided by the water infrastructure finance authority of Arizona.

B. To repay financial assistance from the water infrastructure finance authority of Arizona a city or town may enter into a financial assistance loan repayment agreement with the authority. A financial assistance loan repayment agreement is payable from any revenues otherwise authorized by law to be used to repay long-term obligations. If revenue from a property tax assessment is the designated source of repayment under the agreement, the

1 property tax assessed and levied is a secondary property tax levy for
2 purposes of article IX, Constitution of Arizona.

3 C. For any city or town with a population of more than fifty thousand
4 persons, the governing body of the city or town shall submit the question of
5 entering and performing a financial assistance loan repayment agreement to
6 the qualified electors voting at a regular or special election in the city or
7 town, **EXCEPT THAT IF REVENUE FROM A SECONDARY PROPERTY TAX LEVY IS THE**
8 **DESIGNATED SOURCE OF REPAYMENT OR IF THE PROJECT IS CONSTRUCTED WITH AN**
9 **IMPROVEMENT DISTRICT, THE QUESTION SHALL BE SUBMITTED TO THE QUALIFIED**
10 **ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY**
11 **IN NOVEMBER.** For a city or town with a population of fifty thousand persons
12 or less, the revenues of the city's or town's utility system or systems may
13 be pledged to the payment of the repayment agreement without an election, if
14 the pledge of revenues does not violate any covenant pertaining to the
15 utility system or systems or the revenues pledged to secure outstanding bonds
16 or other obligations of the city or town. An election is not required if
17 voter approval has previously been obtained for substantially the same
18 project with another funding source ~~or if the project is constructed with an~~
19 ~~improvement district~~. If a majority of the qualified electors voting on the
20 question:

21 1. Approves, the governing body may execute, deliver and perform the
22 financial assistance loan repayment agreement.

23 2. Disapproves, the governing body shall not execute a financial
24 assistance loan repayment agreement.

25 D. Payments made pursuant to a financial assistance loan repayment
26 agreement are not subject to section 42-17106.

27 E. A financial assistance loan repayment agreement entered into
28 pursuant to this section shall contain the covenants and conditions
29 pertaining to the construction, acquisition or improvement of a wastewater
30 treatment or drinking water facility or nonpoint source project and repayment
31 of the loan as the water infrastructure finance authority of Arizona deems
32 proper. Financial assistance loan repayment agreements may provide for the
33 payment of interest on the unpaid principal balance of such agreement at the
34 rates established in the agreement. The agreement may also provide for
35 payment of the city's or town's proportionate share of the expenses of
36 administering the clean water and drinking water revolving funds established
37 by sections 49-1221 and 49-1241 and may provide that the city or town pay
38 financing and loan administration fees approved by the water infrastructure
39 finance authority. These costs may be included in the levy or assessment
40 amounts pledged to repay the financial assistance. Cities and towns are
41 bound by and shall fully perform the loan repayment agreements, and the
42 agreements are incontestable after the loan is funded by the water
43 infrastructure finance authority of Arizona. The city or town shall also
44 agree to pay the authority's costs in issuing bonds or otherwise borrowing to
45 fund a loan.

1 F. A financial assistance loan repayment agreement under this section
2 does not create a debt of the city or town, and the authority shall not
3 require that payment of a financial assistance loan repayment agreement be
4 made from other than those sources permitted in subsection B of this section
5 and as prescribed by sections 49-1225 and 49-1245.

6 G. A city or town may employ attorneys, accountants, financial
7 consultants and such other experts in their field as deemed necessary to
8 perform services with respect to the financial assistance loan repayment
9 agreement.

10 H. This section is supplemental and alternative to any other law under
11 which a city or town may borrow money or issue bonds. This section shall not
12 be construed as the exclusive authorization to enter into loan agreements
13 with the authority.

14 I. A city or town may borrow additional monies or enter into
15 additional financial assistance loan repayment agreements with the water
16 infrastructure finance authority in an amount up to the amount approved by
17 the voters pursuant to subsection C of this section less the amount that the
18 city or town is already obligated to repay to the water infrastructure
19 finance authority pursuant to a financial assistance loan repayment
20 agreement.

21 J. For the purposes of this section:

22 1. "City" includes both cities formed pursuant to this title and
23 charter cities.

24 2. "Nonpoint source project" has the same meaning prescribed in
25 section 49-1201.

26 Sec. 6. Section 9-824, Arizona Revised Statutes, is amended to read:
27 9-824. Registration for elections

28 ~~A. In special elections where the question of issuing bonds of the~~
29 ~~municipal corporation is submitted to the qualified electors thereof, who are~~
30 ~~the owners of real property subject to taxation within the municipal~~
31 ~~corporation, the governing body may by resolution MAY require a registration~~
32 ~~of all persons to vote at the special elections, who possess such~~
33 ~~qualifications. The resolution shall be passed at least thirty days prior to~~
34 ~~holding the election, and the registration shall begin at least thirty days~~
35 ~~before and close ten days prior to holding the election, and no person shall~~
36 ~~be permitted to vote unless the real property of the person offering to vote~~
37 ~~which is subject to taxation within the corporation appears on the last~~
38 ~~assessment or tax roll of the municipal corporation.~~

39 ~~B. The assessor or tax collector of the corporation shall enter on the~~
40 ~~assessment or tax roll the property of persons owning real property subject~~
41 ~~to taxation within the corporation at any time prior to the day on which the~~
42 ~~election is held upon application of such persons.~~

1 Sec. 7. Section 11-269.02, Arizona Revised Statutes, is amended to
2 read:

3 11-269.02. Public facilities; voter approval; exemptions

4 A. Notwithstanding any other law, a county with a population of more
5 than one million five hundred thousand persons according to the most recent
6 United States decennial census shall not spend public monies, grant tax
7 concessions or relief, incur debt or exchange property in any combined amount
8 or value totaling more than three million dollars to construct or aid in the
9 construction of an amphitheater, a sports facility, arena or complex or a
10 convention facility, arena or complex without presenting the proposed
11 expenditure to the ~~qualifying~~ QUALIFIED electors of the county with a
12 population of more than one million five hundred thousand persons according
13 to the most recent United States decennial census and approval of the
14 expenditure by a majority of those voting in the election. IF REVENUE FROM A
15 SECONDARY PROPERTY TAX LEVY IS THE DESIGNATED SOURCE OF PAYMENT OR IF THE
16 PROJECT IS CONSTRUCTED WITH AN IMPROVEMENT DISTRICT, THE QUESTION SHALL BE
17 SUBMITTED TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY
18 FOLLOWING THE FIRST MONDAY IN NOVEMBER.

19 B. This section does not apply to an expenditure for a park, parkway,
20 trail, recreational area or playground THAT IS established, maintained or
21 administered by a county with a population of more than one million five
22 hundred thousand persons according to the most recent United States decennial
23 census AND that was not developed primarily for the commercial use of a
24 private enterprise or collection of private enterprises.

25 Sec. 8. Section 11-671, Arizona Revised Statutes, is amended to read:

26 11-671. Financing wastewater treatment facilities and nonpoint
27 source projects; financial assistance loan repayment
28 agreements; definition

29 A. Notwithstanding any other law, a county authorized to operate a
30 sewage system pursuant to section 11-264 may construct or improve a
31 wastewater treatment facility or nonpoint source project with monies borrowed
32 from or financial assistance provided by the water infrastructure finance
33 authority of Arizona.

34 B. To repay financial assistance from the water infrastructure finance
35 authority of Arizona a county may enter into a financial assistance loan
36 repayment agreement with the authority. A financial assistance loan
37 repayment agreement is payable from any revenues otherwise authorized by law
38 to be used to pay long-term obligations. If revenue from a property tax
39 assessment is the designated source of repayment under the agreement, the
40 property tax assessed and levied is a secondary property tax levy for
41 purposes of article IX, Constitution of Arizona.

42 C. The county board of supervisors shall submit the question of
43 entering and performing a financial assistance loan repayment agreement to
44 the qualified electors voting at a regular or special general election in the
45 county, EXCEPT THAT IF REVENUE FROM A SECONDARY PROPERTY TAX LEVY IS THE

1 DESIGNATED SOURCE OF REPAYMENT OR IF THE PROJECT IS CONSTRUCTED WITH AN
2 IMPROVEMENT DISTRICT, THE QUESTION SHALL BE SUBMITTED TO THE QUALIFIED
3 ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY
4 IN NOVEMBER. OTHERWISE, an election is not required if voter approval has
5 previously been obtained for substantially the same project with another
6 funding source. If a majority of the qualified electors voting on the
7 question:

8 1. Approves, the board of supervisors may execute, deliver and perform
9 the financial assistance loan repayment agreement.

10 2. Disapproves, the board of supervisors shall not execute a financial
11 assistance loan repayment agreement.

12 D. Payments made pursuant to a financial assistance loan repayment
13 agreement are not subject to section 42-17106.

14 E. A financial assistance loan repayment agreement entered into
15 pursuant to this section shall contain the covenants and conditions
16 pertaining to the construction of a wastewater treatment facility or nonpoint
17 source project and repayment of the loan as the water infrastructure finance
18 authority of Arizona deems proper. Financial assistance loan repayment
19 agreements may provide for the payment of interest on the unpaid principal
20 balance of such agreement at the rates established in the agreement. The
21 agreement may also provide for payment of the county's proportionate share of
22 the expenses of administering the clean water revolving fund established by
23 section 49-1221 and may provide that the county pay financing and loan
24 administration fees approved by the water infrastructure finance authority.
25 These costs may be included in the levy or assessment amounts pledged to
26 repay the financial assistance. Counties are bound by and shall fully
27 perform the loan repayment agreements, and the agreements are incontestable
28 after the loan is funded by the water infrastructure finance authority of
29 Arizona. The county shall also agree to pay the authority's costs in issuing
30 bonds or otherwise borrowing to fund a loan.

31 F. A financial assistance loan repayment agreement under this section
32 does not create a debt of the county, and the authority shall not require
33 that payment of a financial assistance loan agreement be made from other than
34 those sources permitted in subsection B of this section.

35 G. A county may employ attorneys, accountants, financial consultants
36 and such other experts in their field as deemed necessary to perform services
37 with respect to the financial assistance loan repayment agreement.

38 H. This section is supplemental and alternative to any other law under
39 which a county may borrow money or issue bonds. This section shall not be
40 construed as the exclusive authorization to enter into loan agreements with
41 the authority.

42 I. A county may borrow additional monies or enter into additional
43 financial assistance loan repayment agreements with the water infrastructure
44 finance authority in an amount up to the amount approved by the voters
45 pursuant to subsection C of this section less the amount that the county is

1 already obligated to repay to the water infrastructure finance authority
2 pursuant to a financial assistance loan repayment agreement.

3 J. For purposes of this section, "nonpoint source project" has the
4 same meaning as prescribed in section 49-1201.

5 Sec. 9. Section 15-403, Arizona Revised Statutes, is amended to read:

6 15-403. Elections; notice; bond election procedure;
7 qualifications of voters; closing of registrations;
8 election precincts; polling places

9 A. The county school superintendent shall cause notices of a special
10 election except a bond election to be posted at least ninety days previous to
11 the date of the election. The notices shall be posted in at least three
12 public places in the school district. One notice shall be posted at the
13 school if there is one. Bond election notices and procedures shall comply
14 with the requirements of title 35, chapter 3, article 3.

15 B. The notices shall specify the day and the polling places of the
16 ~~special~~ election and the time the polls will be open. A special election OR
17 A BOND ELECTION may be held only on a date prescribed by section 16-204.

18 C. If the county school superintendent fails to give notice as
19 provided in subsections A and B of this section, any two qualified electors
20 who reside within the district may give similar notice of the ~~special~~
21 election at least seventy-five days prior to the ~~special~~ election.

22 D. A person is not entitled to vote at a special election or an
23 election held at a time and place other than a general election in a school
24 district who has not been a qualified elector in a precinct in the boundaries
25 of the school district for twenty-nine days preceding the election, who is
26 not qualified to register to vote as provided in section 16-101 and who has
27 not registered to vote prior to midnight of the twenty-ninth day preceding
28 the date of the election.

29 E. The governing board of a school district shall establish school
30 district election precincts that have the same boundaries as the county
31 election precincts as provided in section 16-411 and designate one polling
32 place within each precinct, except that the governing board of a union high
33 school district may divide a county election precinct along the boundaries of
34 common school districts within the boundaries of the union high school
35 district and establish polling places within each common school district. In
36 those cases where a school district boundary bisects a county election
37 precinct, that portion of the election precinct that is within the school
38 district shall be the school district election precinct. The governing board
39 may consolidate school district election precincts if it deems it necessary
40 for each ~~special~~ election and designate one polling place for the election
41 precincts ~~which~~ THAT it consolidates. If school district election precincts
42 are consolidated, a school district precinct register shall be prepared for
43 the consolidated precinct. Upon a specific finding of the board, included in
44 the order or resolution designating polling places pursuant to this
45 subsection, that no suitable polling place is available within a precinct of

1 the school district, a polling place for such precinct may be designated
2 within an adjacent precinct. The adjacent precinct need not be within the
3 school district. Any such polling places shall be listed in a separate
4 section of the order or resolution.

5 F. All ~~special~~ elections ~~which~~ THAT are called either by the county
6 school superintendent or the governing board of a school district and ~~which~~
7 THAT are held at a time other than the general election shall be conducted by
8 the use of school district precinct registers.

9 Sec. 10. Section 15-450, Arizona Revised Statutes, is amended to read:

10 15-450. Formation of a new joint unified school district;
11 petition; report; election; notice; ballots; canvass
12 of votes; appointment of governing board

13 A. Notwithstanding any other statute, a new joint unified school
14 district may be formed if the formation is approved by the state board of
15 education and if the following requirements are met:

16 1. The boundaries of the proposed new joint unified school district
17 include an incorporated city that is divided by two counties.

18 2. The proposed new joint unified school district includes territory
19 within the boundaries of two or more existing school districts.

20 3. The proposed new joint unified school district would have a student
21 count of not less than six hundred.

22 4. A high school is not located within the boundaries of the proposed
23 new joint unified school district.

24 5. The assessed valuation of the proposed school district is at least
25 two million dollars.

26 6. The governing boards of the districts affected have been given
27 notice of the proposed change and an opportunity to be heard pursuant to
28 section 15-442, subsection B.

29 B. If it is desired that a new joint unified school district be formed
30 pursuant to the provisions of this section, ten per cent or more of the
31 qualified electors residing within the boundaries of the proposed joint
32 unified school district shall file petitions with the county school
33 superintendents of the counties in which the territory of the proposed
34 district is situated. The petitions shall describe the territory to be
35 included in the proposed joint unified school district and shall request that
36 the formation of the proposed district be submitted to the qualified electors
37 who reside within the proposed district.

38 C. Each county school superintendent with whom petitions for the
39 formation of a joint unified school district are filed shall examine the
40 petitions within fifteen days of the date of receipt to determine their
41 sufficiency, including the adequacy of the signatures from the portion of the
42 proposed district within his county. If the petitions are found sufficient,
43 the county school superintendent shall transmit the petitions to the state
44 board of education.

D. The state board of education shall promptly schedule a review of the issue of the formation of the proposed joint unified school district after receiving the petitions from the county school superintendents pursuant to subsection C of this section. The board shall approve or reject the formation of the proposed joint unified school district within sixty days of the date of receipt of the petitions. The board shall consider:

1. Operational costs of the existing and proposed districts.
2. Travel times and distances.
3. Climatic conditions.
4. Local terrain.
5. The number of pupils.
6. The fairness and appropriateness of any redistribution of taxable wealth from an existing school district to a proposed joint unified school district.

7. Whether the assessed valuation of the proposed joint unified school district is sufficient to support the district in a manner comparable to other districts of similar size.

If the state board after considering all such factors determines that the proposed new district will not cause an undue adverse effect on the operations of any existing school district, jeopardize the operation of the proposed joint common school district or cause a disproportionate amount of taxable wealth to be redistributed, it shall approve the petitions and return them to the respective county school superintendents.

E. On approval from the state board of education, the county school superintendent of each county whose territory or a portion of whose territory will be included in the proposed joint unified school district shall submit the question of the formation of the proposed joint unified school district to the voters at a general election or at a special election to be held for that purpose. If no general election is scheduled to be held within sixty days after the date the county school superintendent receives the approved petitions from the state board of education, he shall promptly call a special election to be held within sixty days after receipt of the approved petitions. Notice of the election shall be given by the county school superintendent to the boards of supervisors. At least ten days before the election, the county school superintendent shall cause notice of the proposed election to be posted in not less than three public places in the proposed district and to be published at least once in a newspaper of general circulation in the proposed district. The notice shall state the following:

1. The question to be voted on and the boundaries of the proposed joint unified school district with sufficient definiteness to make them readily ascertainable.
2. A description of voter qualifications, including requirements that the voters shall be residents of the proposed district.

1 3. The location of voting places within the proposed district, at
2 least one of which shall be in each county.

3 F. Within ten days after the election, the county school
4 superintendent and the chairman of the board of supervisors of each county
5 shall canvass the vote. If a majority of the votes cast in each county of
6 persons who reside within the proposed district favors formation of the
7 proposed joint unified school district, the boards of supervisors shall
8 jointly declare the election and the joint unified school district shall
9 become operative from and after June 30 next following the election.

10 G. If the joint unified school district includes territory located in
11 two or more counties, the county of jurisdiction is the county in which the
12 largest number of qualified electors of the joint unified school district
13 resides, except that if all of the existing school buildings are located in
14 one county, that county is the county of jurisdiction. The county school
15 superintendent of the jurisdictional county shall perform all duties for and
16 with respect to the joint unified school district required to be performed by
17 county school superintendents. The board of supervisors of the
18 jurisdictional county shall perform all duties for and with respect to the
19 joint unified school district required to be performed by boards of
20 supervisors, except that school district taxes to be levied on property in
21 the portion of the joint unified school district lying in another county
22 shall be levied by the board of supervisors of the other county or counties
23 and on receipt shall be transferred to the county of jurisdiction.

24 H. If a new joint unified school district is authorized, the governing
25 boards of the existing school districts shall prepare a projected list of
26 assets for the existing districts prior to the end of the fiscal year in
27 which the election is held. The governing boards of the original school
28 districts and the new joint unified school district shall prepare a final
29 statement of assets for the formerly existing school districts as of the end
30 of the fiscal year in which the election was held and shall have the
31 statement of cash and bonded indebtedness certified by the county treasurers
32 by August 30 of the year in which the new school district becomes
33 operative. The governing boards of the original school districts and the new
34 joint unified school district shall set aside sufficient assets or provide
35 other means to satisfy the liabilities of the former existing districts
36 except for bonded indebtedness and approve the final division of all assets
37 by September 15 of the year in which the new school district becomes
38 operative. If one or more of the governing boards fail to provide for
39 satisfying the liabilities and fail to approve the division of assets by
40 September 15, the county attorney or attorneys shall determine the means to
41 satisfy the liabilities and final division of assets by October 1 of the
42 fiscal year in which the new school district becomes operative.

43 I. The division of bonded indebtedness of the original school
44 districts shall be in accordance with the provisions of section 15-457,
45 subsection B. In addition, any debt due to lease-purchase agreements shall

be handled in a similar manner as outlined for bonded indebtedness in section 15-457, subsection B.

J. Sections 15-457, 15-975 and 15-997 apply to joint unified school districts formed under this section.

K. A joint unified school district shall not be formed if any of the resulting school districts would have a student count for the current year of less than six hundred.

L. The governing board of the joint unified school district shall prepare policies, curricula and budgets for the new school district. These policies shall require that:

1. The base salary of each teacher for the first year of operation of the new school district shall not be lower than the teacher's base salary for the prior year in the previously existing school district.

2. The teacher's years of employment in the previously existing school district shall be included in determining the teacher's years of employment in the new joint unified school district.

M. If a new joint unified school district is authorized, the governing board of a district ~~which~~ THAT will have its boundaries reduced by creation of the new joint unified district may hold an override election for the year beginning July 1 after the election that authorized the formation of the new joint unified district. The governing board of a school district ~~which~~ THAT will have its boundaries reduced by creation of the new joint unified district may hold a bond election for bonds applicable to and paid solely by the school district as it will exist after the formation of the new joint unified school district. **VERRIDE ELECTIONS AND BOND ELECTIONS UNDER THIS SUBSECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204.** The electors who reside in an area ~~which~~ THAT property will not be subject to taxation for operation or payment of the bonds of the school district calling the override or bond election after creation of the new joint unified school district are not eligible to vote in such an override or bond election.

Sec. 11. Section 15-481, Arizona Revised Statutes, as amended by Laws 2006, chapter 44, section 2 and chapter 217, section 4, is amended to read:

15-481. Override election; budget increases; notice; ballot; effect

A. If the proposed budget of a school district exceeds the aggregate budget limit for the budget year, the governing board shall order an override election to be held ~~not less than ninety days from the date of the order~~ **ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d)** for the purpose of presenting the proposed budget to the qualified electors of the school district who shall by a majority of those voting either affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve

1 the proposed budget, the governing board of the school district shall follow
2 the procedures prescribed in section 15-905 for adopting a budget that
3 includes the authorized increase. If the qualified electors disapprove the
4 proposed budget, the governing board shall follow the procedures prescribed
5 in section 15-905 for adopting a budget that does not include the proposed
6 increase or the portion of the proposed increase that exceeds the amount
7 authorized by a previously approved budget increase as prescribed in
8 subsection P of this section.

9 B. The county school superintendent shall prepare an informational
10 report on the proposed increase in the budget and a sample ballot and, at
11 least forty days prior to the election, shall transmit the report and the
12 sample ballot to the governing board of the school district. The governing
13 board, upon receipt of the report and the ballot, shall mail or distribute
14 the report and the ballot to the households in which qualified electors
15 reside within the school district at least thirty-five days prior to the
16 election. Any distribution of material concerning the proposed increase in
17 the budget shall not be conducted by children enrolled in the school
18 district. The report shall contain the following information:

19 1. The date of the election.
20 2. The voter's polling place and the times it is open.
21 3. The proposed total increase in the budget which exceeds the amount
22 permitted pursuant to section 15-905.

23 4. The total amount of the current year's budget, the total amount of
24 the proposed budget and the total amount of the alternate budget.

25 5. If the override is for a period of more than one year, a statement
26 indicating the number of years the proposed increase in the budget would be
27 in effect and the percentage of the school district's revenue control limit
28 that the district is requesting for the future years.

29 6. The proposed total amount of revenues which will fund the increase
30 in the budget and the amount which will be obtained from a levy of taxes upon
31 the taxable property within the school district for the first year for which
32 the budget increase was adopted.

33 7. The proposed amount of revenues which will fund the increase in the
34 budget and which will be obtained from other than a levy of taxes upon the
35 taxable property within the school district for the first year for which the
36 budget increase was adopted.

37 8. The dollar amount and the purpose for which the proposed increase
38 in the budget is to be expended for the first year for which the budget
39 increase was adopted.

40 9. At least two arguments, if submitted, but no more than ten
41 arguments for and two arguments, if submitted, but no more than ten arguments
42 against the proposed increase in the budget. The arguments shall be in a
43 form prescribed by the county school superintendent and each argument shall
44 not exceed two hundred words. Arguments for the proposed increase in the
45 budget shall be provided in writing and signed by the governing board. If

1 submitted, additional arguments in favor of the proposed increase in the
2 budget shall be provided in writing and signed by those in favor. Arguments
3 against the proposed increase in the budget shall be provided in writing and
4 signed by those in opposition. The names of those persons other than the
5 governing board or superintendent submitting written arguments shall not be
6 included in the report without their specific permission, but shall be made
7 available only upon request to the county school superintendent. The county
8 school superintendent shall review all factual statements contained in the
9 written arguments and correct any inaccurate statements of fact. The
10 superintendent shall not review and correct any portion of the written
11 arguments which are identified as statements of the author's opinion. The
12 county school superintendent shall make the written arguments available to
13 the public as provided in title 39, chapter 1, article 2. A deadline for
14 submitting arguments to be included in the informational report shall be set
15 by the county school superintendent.

16 10. A statement that the alternate budget shall be adopted by the
17 governing board if the proposed budget is not adopted by the qualified
18 electors of the school district.

19 11. The full cash value, the assessed valuation and the estimated
20 amount of the secondary property taxes if the proposed budget is adopted for
21 each of the following:

22 (a) An owner-occupied residence whose assessed valuation is the
23 average assessed valuation of property classified as class three, as
24 prescribed by section 42-12003 for the current year in the school district.

25 (b) An owner-occupied residence whose assessed valuation is one-half
26 of the assessed valuation of the residence in subdivision (a) of this
27 paragraph.

28 (c) An owner-occupied residence whose assessed valuation is twice the
29 assessed valuation of the residence in subdivision (a) of this paragraph.

30 (d) A business whose assessed valuation is the average of the assessed
31 valuation of property classified as class one, as prescribed by section
32 42-12001, paragraphs 12 and 13 for the current year in the school district.

33 12. If the election is conducted pursuant to subsection L or M of this
34 section, the following information:

35 (a) An executive summary of the school district's most recent capital
36 improvement plan submitted to the school facilities board.

37 (b) A complete list of each proposed capital improvement that will be
38 funded with the budget increase and a description of the proposed cost of
39 each improvement, including a separate aggregation of capital improvements
40 for administrative purposes as defined by the school facilities board.

41 (c) The tax rate associated with each of the proposed capital
42 improvements and the estimated cost of each capital improvement for the owner
43 of a single family home that is valued at eighty thousand dollars.

44 C. For the purpose of this section, the school district may use its
45 staff, equipment, materials, buildings or other resources only to distribute

1 the informational report at the school district office or at public hearings
2 and to produce such information as required in subsection B of this section,
3 provided that nothing in this subsection shall preclude school districts from
4 holding or participating in any public hearings at which testimony is given
5 by at least one person for the proposed increase and one person against the
6 proposed increase.

7 D. IF ANY AMOUNT OF THE PROPOSED INCREASE WILL BE FUNDED BY A LEVY OF
8 TAXES IN THE DISTRICT, THE ELECTION PRESCRIBED IN SUBSECTION A OF THIS
9 SECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
10 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,
11 SUBDIVISION (d). IF THE PROPOSED INCREASE WILL BE FULLY FUNDED BY REVENUES
12 FROM OTHER THAN A LEVY OF TAXES the elections prescribed in subsection A of
13 this section shall be held on ~~a~~ ANY date prescribed by section 16-204. ~~and~~
14 THE ELECTIONS shall be conducted as nearly as practicable in the manner
15 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
16 section 15-426, relating to special elections, except that:

17 1. The notices required pursuant to section 15-403 shall be posted not
18 less than twenty-five days before the election.

19 2. Ballots shall be counted pursuant to title 16, chapter 4,
20 article 10.

21 E. If the election is to exceed the revenue control limit and if the
22 proposed increase will be fully funded by a levy of taxes upon the taxable
23 property within the school district, the ballot shall contain the words
24 "budget increase, yes" and "budget increase, no", and the voter shall signify
25 his desired choice. The ballot shall also contain the amount of the proposed
26 increase of the proposed budget over the alternate budget, a statement that
27 the amount of the proposed increase will be based on a percentage of the
28 school district's revenue control limit in future years, if applicable, as
29 provided in subsection P of this section and the following statement:

30 Any budget increase authorized by this election shall be
31 entirely funded by a levy of taxes upon the taxable property
32 within this school district for the year for which adopted and
33 for ____ subsequent years, shall not be realized from monies
34 furnished by the state and shall not be subject to the
35 limitation on taxes specified in article IX, section 18,
36 Constitution of Arizona. Based on an estimate of assessed
37 valuation used for secondary property tax purposes, the proposed
38 increase in the school district's budget over that allowed by
39 law would result in an estimated increase in the school
40 district's tax rate of _____ dollar per one hundred
41 dollars of assessed valuation used for secondary property tax
42 purposes and is in addition to the school district's tax rate
43 which will be levied to fund the school district's revenue
44 control limit allowed by law.

F. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ten per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the amount prescribed in subsection G of this section or a limit computed as follows:

(a) For common or unified districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

Student Count	Small School Student Count Limit	Support Level Weight for Small Isolated School Districts	Phase Down Reduction Factor
_____	- 125	$1.358 + (0.0005 \times (500 - \text{Student Count}))$	$\text{Base Level} \times \text{Factor} = \$$
	Phase Down Base	Phase Down Reduction Factor	Small Isolated School District Elementary Limit
	\$150,000	- \$	= \$

(ii)

	Small School	Support Level Weight	Phase Down
Student	Student	for Small	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
<u> </u>	- <u>125</u>	x $1.278 + (0.0003 \times (500 - \text{Student Count}))$	x <u>\$</u> = <u>\$</u>
	Phase Down	Phase Down	Small
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>
	<u>\$150,000</u>	- <u>\$</u>	<u>Elementary Limit</u>
			= <u>\$</u>

(b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

(i)

	Small School	Support Level Weight	Phase Down
Student	Student	for Small Isolated	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
<u> </u>	- <u>100</u>	x $1.468 + (0.0005 \times (500 - \text{Student Count}))$	x <u>\$</u> = <u>\$</u>
	Phase Down	Phase Down	Small Isolated
	<u>Base</u>	<u>Reduction Factor</u>	<u>District</u>
	<u>\$350,000</u>	- <u>\$</u>	<u>Secondary Limit</u>
			= <u>\$</u>

(ii)

	Small School	Support Level Weight	Phase Down
Student	Student	for Small	Reduction
<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
<u> </u>	- <u>100</u>	x $1.398 + (0.0004 \times (500 - \text{Student Count}))$	x <u>\$</u> = <u>\$</u>
	Phase Down	Phase Down	Small
	<u>Base</u>	<u>Reduction Factor</u>	<u>School District</u>
	<u>\$350,000</u>	- <u>\$</u>	<u>Secondary Limit</u>
			= <u>\$</u>

(c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent

1 of the revenue control limit attributable to those grade levels that are not
2 included under section 15-949, subsection E. For the purposes of this
3 subdivision, the revenue control limit is separated into elementary and
4 secondary components based on the weighted student count as provided in
5 section 15-971, subsection B, paragraph 2, subdivision (a).

6 2. If a school district utilizes the provisions of this subsection to
7 request an override of more than one year, the ballot shall include an
8 estimate of the amount of the proposed increase in the future years in place
9 of the statement that the amount of the proposed increase will be based on a
10 percentage of the school district's revenue control limit in future years, as
11 prescribed in subsections E and F of this section.

12 3. Notwithstanding subsection P of this section, the maximum period of
13 an override authorized pursuant to this subsection is five years.

14 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
15 overrides authorized pursuant to this subsection.

16 I. If the election is to exceed the revenue control limit as provided
17 in section 15-482 and if the proposed increase will be fully funded by a levy
18 of taxes on the taxable property within the school district, the ballot shall
19 contain the words "budget increase, yes" and "budget increase, no", and the
20 voter shall signify the voter's desired choice. The ballot shall also
21 contain the amount of the proposed increase of the budget over the alternate
22 budget, a statement that the amount of the proposed increase will be based on
23 a percentage of the school district's revenue control limit in future years,
24 if applicable, as provided in subsection Q of this section, and the following
25 statement:

26 Any budget increase authorized by this election shall be
27 entirely funded by a levy of taxes on the taxable property
28 within this school district for the year for which adopted and
29 for _____ subsequent years, shall not be realized from monies
30 furnished by the state and shall not be subject to the
31 limitation on taxes specified in article IX, section 18,
32 Constitution of Arizona. Based on an estimate of assessed
33 valuation used for secondary property tax purposes, the portion
34 of the proposed increase in the school district's budget over
35 that allowed by law which will be funded by a levy of taxes upon
36 the taxable property within this school district would result in
37 an estimated increase in the school district's tax rate of
38 _____ dollar per one hundred dollars of assessed valuation
39 used for secondary property tax purposes and is in addition to
40 the school district's tax rate that will be levied to fund the
41 school district's revenue control limit allowed by law.

42 J. If the election is to exceed the revenue control limit as provided
43 in section 15-482 and if the proposed increase will be fully funded by
44 revenues other than a levy of taxes on the taxable property within the school
45 district, the ballot shall contain the words "budget increase, yes" and

1 "budget increase, no", and the voter shall signify the voter's desired
2 choice. The ballot shall also contain the amount of the proposed increase of
3 the proposed budget over the alternate budget, a statement that the amount of
4 the proposed increase will be based on a percentage of the school district's
5 revenue control limit in future years, if applicable, as provided in
6 subsection Q of this section and the following statement:

7 Any budget increase authorized by this election shall be
8 entirely funded by this school district with revenues from other
9 than a levy of taxes on the taxable property within the school
10 district for the year for which adopted and for _____ subsequent
11 years and shall not be realized from monies furnished by the
12 state.

13 K. The maximum budget increase that may be requested and authorized as
14 provided in subsection I or J of this section, or a combination of both of
15 these subsections, is five per cent of the revenue control limit as provided
16 in section 15-947, subsection A for the budget year. For a unified school
17 district, a common school district not within a high school district or a
18 common school district within a high school district that offers instruction
19 in high school subjects as provided in section 15-447, five per cent of the
20 revenue control limit means five per cent of the revenue control limit
21 attributable to the weighted student count in preschool programs for children
22 with disabilities, kindergarten programs and grades one through eight as
23 provided in section 15-971, subsection B.

24 L. If the election is to exceed the capital outlay revenue limit and
25 if the proposed increase will be fully funded by a levy of taxes upon the
26 taxable property within the school district, the ballot shall contain the
27 words "budget increase, yes" and "budget increase, no", and the voter shall
28 signify the voter's desired choice. An election held pursuant to this
29 subsection shall be held on the first Tuesday after the first Monday of
30 November. The ballot shall also contain the amount of the proposed increase
31 of the proposed budget over the alternate budget and the following statement:

32 Any budget increase authorized by this election shall be
33 entirely funded by a levy of taxes upon the taxable property
34 within this school district for the year in which adopted and
35 for _____ subsequent years, shall not be realized from monies
36 furnished by the state and shall not be subject to the
37 limitation on taxes specified in article IX, section 18,
38 Constitution of Arizona. Based on an estimate of assessed
39 valuation used for secondary property tax purposes, the proposed
40 increase in the school district's budget over that allowed by
41 law would result in an estimated increase in the school
42 district's tax rate of _____ dollar per one hundred
43 dollars of assessed valuation used for secondary property tax
44 purposes and is in addition to the school district's tax rate

1 which will be levied to fund the school district's capital
2 outlay revenue limit allowed by law.

3 M. If the election is to exceed the capital outlay revenue limit and
4 if the proposed increase will be fully funded by revenues from other than a
5 levy of taxes upon the taxable property within the school district, the
6 ballot shall contain the words "budget increase, yes" and "budget increase,
7 no", and the voter shall signify the voter's desired choice. An election
8 held pursuant to this subsection shall be held on the first Tuesday after the
9 first Monday of November. The ballot shall also contain the amount of the
10 proposed increase of the proposed budget over the alternate budget and the
11 following statement:

12 Any budget increase authorized by this election shall be
13 entirely funded by this school district with revenues from other
14 than a levy of taxes on the taxable property within the school
15 district for the year in which adopted and for _____ subsequent
16 years and shall not be realized from monies furnished by the
17 state.

18 N. If the election is to exceed a combination of the revenue control
19 limit as provided in subsection E or F of this section, the revenue control
20 limit as provided in subsection I or J of this section or the capital outlay
21 revenue limit as provided in subsection L or M of this section, the ballot
22 shall be prepared so that the voters may vote on each proposed increase
23 separately and shall contain statements required in the same manner as if
24 each proposed increase were submitted separately.

25 O. If the election provides for a levy of taxes on the taxable
26 property within the school district, at least thirty days prior to the
27 election, the department of revenue shall provide the school district
28 governing board and the county school superintendent with an estimate of the
29 school district's assessed valuation used for secondary property tax purposes
30 for the ensuing fiscal year. The governing board and the county school
31 superintendent shall use this estimate to translate the amount of the
32 proposed dollar increase in the budget of the school district over that
33 allowed by law into a tax rate figure.

34 P. If the voters in a school district vote to adopt a budget in excess
35 of the revenue control limit as provided in subsection E or F of this
36 section, any additional increase shall be included in the aggregate budget
37 limit for each of the years authorized. Any additional increase shall be
38 excluded from the determination of equalization assistance. The school
39 district governing board may, however, levy on the assessed valuation used
40 for secondary property tax purposes of the property in the school district
41 the additional increase if adopted under subsection E of this section for the
42 period of one year, two years or five through seven years as authorized. If
43 an additional increase is approved as provided in subsection F of this
44 section, the school district governing board may only use revenues derived
45 from the school district's prior year's maintenance and operation fund ending

1 cash balance to fund the additional increase. If a budget increase was
2 previously authorized and will be in effect for the budget year or budget
3 year and subsequent years, as provided in subsection E or F of this section,
4 the governing board may request a new budget increase as provided in the same
5 subsection under which the prior budget increase was adopted which shall not
6 exceed the maximum amount permitted under subsection G of this section. If
7 the voters in the school district authorize the new budget increase amount,
8 the existing budget increase no longer is in effect. If the voters in the
9 school district do not authorize the budget increase amount, the existing
10 budget increase remains in effect for the time period for which it was
11 authorized. The maximum additional increase authorized as provided in
12 subsection E or F of this section and the additional increase which is
13 included in the aggregate budget limit is based on a percentage of a school
14 district's revenue control limit in future years, if the budget increase is
15 authorized for more than one year. If the additional increase:

16 1. Is for two years, the proposed increase in the second year is equal
17 to the initial proposed percentage increase.

18 2. Is for five years or more, the proposed increase is equal to the
19 initial proposed percentage increase in the following years of the proposed
20 increase, except that in the next to last year it is two-thirds of the
21 initial proposed percentage increase and it is one-third of the initial
22 proposed percentage increase in the last year of the proposed increase.

23 Q. If the voters in a school district vote to adopt a budget in excess
24 of the revenue control limit as provided in subsection I or J of this
25 section, any additional increase shall be included in the aggregate budget
26 limit for each of the years authorized. Any additional increase shall be
27 excluded from the determination of equalization assistance. The school
28 district governing board, however, may levy on the assessed valuation used
29 for secondary property tax purposes of the property in the school district
30 the additional increase if adopted under subsection I of this section for the
31 period of one year, two years or five through seven years as authorized. If
32 an additional increase is approved as provided in subsection J of this
33 section, the increase may only be budgeted and expended if sufficient monies
34 are available in the maintenance and operation fund of the school district.
35 If a budget increase was previously authorized and will be in effect for the
36 budget year or budget year and subsequent years, as provided in subsection I
37 or J of this section, the governing board may request a new budget increase
38 as provided in the same subsection under which the prior budget increase was
39 adopted that does not exceed the maximum amount permitted under subsection K
40 of this section. If the voters in the school district authorize the new
41 budget increase amount, the existing budget increase no longer is in
42 effect. If the voters in the school district do not authorize the budget
43 increase amount, the existing budget increase remains in effect for the time
44 period for which it was authorized. The maximum additional increase
45 authorized as provided in subsection I or J of this section and the

1 additional increase that is included in the aggregate budget limit is based
2 on a percentage of a school district's revenue control limit in future years,
3 if the budget increase is authorized for more than one year. If the
4 additional increase:

5 1. Is for two years, the proposed increase in the second year is equal
6 to the initial proposed percentage increase.

7 2. Is for five years or more, the proposed increase is equal to the
8 initial proposed percentage increase in the following years of the proposed
9 increase, except that in the next to last year it is two-thirds of the
10 initial proposed percentage increase and it is one-third of the initial
11 proposed percentage increase in the last year of the proposed increase.

12 R. If the voters in a school district vote to adopt a budget in excess
13 of the capital outlay revenue limit as provided in subsection L of this
14 section, any additional increase shall be included in the aggregate budget
15 limit for each of the years authorized. The additional increase shall be
16 excluded from the determination of equalization assistance. The school
17 district governing board may, however, levy on the assessed valuation used
18 for secondary property tax purposes of the property in the school district
19 the additional increase for the period authorized but not to exceed ten
20 years. For overrides approved by a vote of the qualified electors of the
21 school district at an election held from and after October 31, 1998, the
22 period of the additional increase prescribed in this subsection shall not
23 exceed seven years for any capital override election.

24 S. If the voters in a school district vote to adopt a budget in excess
25 of the capital outlay revenue limit as provided in subsection M of this
26 section, any additional increase shall be included in the aggregate budget
27 limit for each of the years authorized. The additional increase shall be
28 excluded from the determination of equalization assistance. The school
29 district governing board may only use revenues derived from the school
30 district's prior year's maintenance and operation fund ending cash balance
31 and capital outlay fund ending cash balance to fund the additional increase
32 for the period authorized but not to exceed ten years. For overrides
33 approved by a vote of the qualified electors of the school district at an
34 election held from and after October 31, 1998, the period of the additional
35 increase prescribed in this subsection shall not exceed seven years for any
36 capital override election.

37 T. In addition to subsections P and S of this section, from the
38 maintenance and operation fund and capital outlay fund ending cash balances,
39 the school district governing board shall first use any available revenues to
40 reduce its primary tax rate to zero and shall use any remaining revenues to
41 fund the additional increase authorized as provided in subsections F and M of
42 this section.

43 U. If the voters in a school district disapprove the proposed budget,
44 the alternate budget which, except for any budget increase authorized by a
45 prior election, does not include an increase in the budget in excess of the

1 amount provided in section 15-905 shall be adopted by the governing board as
2 provided in section 15-905.

3 V. The governing board may request that any override election be
4 cancelled if any change in chapter 9 of this title changes the amount of the
5 aggregate budget limit as provided in section 15-905. The request to cancel
6 the override election shall be made to the county school superintendent at
7 least ten days prior to the date of the scheduled override election.

8 W. For any election conducted pursuant to subsection L or M of this
9 section:

10 1. The ballot shall include the following statement in addition to any
11 other statement required by this section:

12 The capital improvements that are proposed to be funded
13 through this override election are to exceed the state standards
14 and are in addition to monies provided by the state.

15 _____ school district is proposing to increase its
16 budget by \$_____ to fund capital improvements over and
17 above those funded by the state. Under the students first
18 capital funding system, _____ school district is entitled to
19 state monies for building renewal, new construction and
20 renovation of school buildings in accordance with state law.

21 2. The ballot shall contain the words "budget increase, yes" and
22 "budget increase, no", and the voter shall signify the voter's desired
23 choice.

24 3. At least eighty-five days before the election, the school district
25 shall submit proposed ballot language to the director of the Arizona
26 legislative council. The director of the Arizona legislative council shall
27 review the proposed ballot language to determine whether the proposed ballot
28 language complies with this section. If the director of the Arizona
29 legislative council determines that the proposed ballot language does not
30 comply with this section, the director, within ten calendar days of the
31 receipt of the proposed ballot language, shall notify the school district of
32 the director's objections and the school district shall resubmit revised
33 ballot language to the director for approval.

34 X. If the voters approve the budget increase pursuant to subsection L
35 or M of this section, the school district shall not use the override proceeds
36 for any purposes other than the proposed capital improvements listed in the
37 publicity pamphlet, except that up to ten per cent of the override proceeds
38 may be used for general capital expenses, including cost overruns of proposed
39 capital improvements.

40 Y. Each school district that currently increases its budget pursuant
41 to subsection L or M of this section is required to hold a public meeting
42 each year between September 1 and October 31 at which an update of the
43 progress of capital improvements financed through the override is discussed
44 and at which the public is permitted an opportunity to comment. At a
45 minimum, the update shall include a comparison of the current status and the

1 original projections on the construction of capital improvements, the costs
2 of capital improvements and the costs of capital improvements in progress or
3 completed since the prior meeting and the future capital plans of the school
4 district. The school district shall include in the public meeting a
5 discussion of the school district's use of state capital aid and
6 voter-approved bonding in funding capital improvements, if any.

7 Z. If a budget in excess of the capital outlay revenue limit was
8 previously adopted by the voters in a school district and will be in effect
9 for the budget year or budget year and subsequent years, as provided in
10 subsection L or M of this section, the governing board may request an
11 additional budget in excess of the capital outlay revenue limit. If the
12 voters in a school district authorize the additional budget in excess of the
13 capital outlay revenue limit, the existing capital outlay revenue limit
14 budget increase remains in effect.

15 Sec. 12. Section 15-491, Arizona Revised Statutes, as amended by Laws
16 2006, chapter 44, section 3 and chapter 217, section 5, is amended to read:

17 15-491. Elections on school property; exceptions

18 A. The governing board of a school district may, and upon petition of
19 fifteen per cent of the school electors as shown by the poll list at the last
20 preceding annual school election shall, call an election for the following
21 purposes:

22 1. To locate or change the location of school buildings.

23 2. To purchase or sell school sites or buildings or sell school sites
24 pursuant to section 15-342 or to build school buildings, but the
25 authorization by vote of the school district shall not necessarily specify
26 the site to be purchased.

27 3. To decide whether the bonds of the school district shall be issued
28 and sold for the purpose of raising money for purchasing or leasing school
29 lots, for building or renovating school buildings, for improving school
30 grounds, for purchasing pupil transportation vehicles or for liquidating any
31 indebtedness already incurred for such purposes. Except as provided in
32 section 15-1021, subsection H, the proceeds of class B bonds or impact aid
33 revenue bonds shall not be used for soft capital purposes except for pupil
34 transportation vehicles. A school district shall not issue class B bonds
35 until the school district has obligated in contract the entire proceeds of
36 any class A bonds issued by the school district. The total amount of class A
37 and class B bonds issued by a school district shall not exceed the debt
38 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
39 Arizona.

40 4. To lease for five or more years, as lessor or as lessee, school
41 buildings or grounds. Approval by a majority of the school district electors
42 voting authorizes the governing board to negotiate for and enter into a
43 lease. The ballot shall list the school buildings or grounds for which a
44 lease is sought. If the governing board does not enter into a lease of five
45 or more years of the school buildings or grounds listed on the ballot within

1 five years of the date of the election and the board continues to seek such a
2 lease, the governing board shall call a special election to reauthorize the
3 board to negotiate for and to enter into a lease of five or more years.

4 B. No petition shall be required for the holding of the first election
5 to be held in a joint common school district for any of the purposes
6 specified in subsection A of this section. The notice of election required
7 by section 15-492 shall be published in each of the counties which comprise
8 the joint common school district. The certification of election results
9 required by section 15-493 shall be made to the board of supervisors of the
10 jurisdictional county.

11 C. When the election is called to determine whether or not bonds of
12 the school district shall be issued and sold for the purposes enumerated in
13 the call for the election, the question shall be submitted to the vote of the
14 qualified electors of the school district as defined in section 15-401 and
15 subject to the provisions of section 15-402.

16 D. The governing board shall order the election to be held in the
17 manner prescribed in title 35, chapter 3, article 3. If a petition for an
18 election has been filed with the governing board as provided in subsection A
19 of this section, the board shall act upon the petition within sixty days by
20 ordering the election to be held as provided in this subsection. If a school
21 district bond election is scheduled for the same date a school district will
22 hold an override election, the governing body shall deliver a copy of the
23 notice of election and ballot to the county school superintendent who shall
24 include the notice of election and ballot with the information report and
25 ballot prepared for the override election. Mailing of the information
26 required for both the override and bond elections shall constitute compliance
27 with the notice provisions of this section.

28 E. The elections to be held pursuant to this section shall only be
29 held on dates prescribed by section 16-204, except that elections held
30 pursuant to this section to decide whether class B bonds shall be issued, **OR**
31 **ANY OTHER OBLIGATION INCURRED THAT WILL REQUIRE THE ASSESSMENT OF SECONDARY**
32 **PROPERTY TAXES**, shall only be held on the first Tuesday after the first
33 Monday of November.

34 F. Subsection A, paragraph 2 of this section does not apply to the
35 sale of school property if the market value of the school property is less
36 than fifty thousand dollars.

37 G. Bond counsel fees, financial advisory fees, printing costs and
38 paying agent and registrar fees for bonds issued pursuant to an election
39 under this section shall be paid from either the amount authorized by the
40 qualified electors of the school district or current operating funds. Bond
41 election expenses shall be paid from current operating funds only.

42 H. For any election conducted to decide whether class B bonds will be
43 issued pursuant to this section:

44 1. Except as provided in paragraph 2 of this subsection, the ballot
45 shall include the following statement:

1 The capital improvements that are proposed to be funded
2 through this bond issuance are to exceed the state standards and
3 are in addition to monies provided by the state.

4 _____ school district is proposing to issue class B
5 general obligation bonds totaling \$_____ to fund capital
6 improvements over and above those funded by the state. Under the
7 students first capital funding system, _____ school district
8 is entitled to state monies for building renewal, new
9 construction and renovation of school buildings in accordance
10 with state law.

11 2. For a school district that is a joint technological education
12 district, the ballot shall include the following statement:

13 _____, a joint technological education district, is
14 proposing to issue class B general obligation bonds totaling
15 \$_____ to fund capital improvements at the main campus of
16 the joint technological education district.

17 3. The ballot shall contain the words "bond approval, yes" and "bond
18 approval, no", and the voter shall signify the voter's desired choice.

19 4. The ballot shall also contain the phrase "the issuance of these
20 bonds will result in an annual levy of property taxes sufficient to pay the
21 debt on the bonds".

22 5. At least eighty-five days before the election, the school district
23 shall submit proposed ballot language to the director of the Arizona
24 legislative council. The director of the Arizona legislative council shall
25 review the proposed ballot language to determine whether the proposed ballot
26 language complies with this section. If the director of the Arizona
27 legislative council determines that the proposed ballot language does not
28 comply with this section, the director, within ten calendar days of the
29 receipt of the proposed ballot language, shall notify the school district of
30 the director's objections and the school district shall resubmit revised
31 ballot language to the director for approval.

32 6. No later than thirty-five days before a class B bond election
33 conducted pursuant to this section, the school district shall mail a
34 publicity pamphlet to each household that contains A qualified elector in the
35 school district. The publicity pamphlet shall contain, at a minimum, the
36 following information:

37 (a) An executive summary of the school district's most recent capital
38 plan submitted to the school facilities board.

39 (b) A complete list of each proposed capital improvement that will be
40 funded with the proceeds of the bonds and a description of the proposed cost
41 of each improvement, including a separate aggregation of capital improvements
42 for administrative purposes as defined by the school facilities board.

43 (c) The tax rate associated with each of the proposed capital
44 improvements and the estimated cost of each capital improvement for the owner
45 of a single family home that is valued at one hundred thousand dollars.

1 I. For any election conducted to decide whether impact aid revenue
2 bonds shall be issued pursuant to this section:

3 1. The ballot shall include the following statement:

4 The capital improvements that are proposed to be funded
5 through this bond issuance are to exceed the state standards and
6 are in addition to monies provided by the state.

7 _____ school district is proposing to issue impact
8 aid revenue bonds totaling \$_____ to fund capital
9 improvements over and above those funded by the state. Under
10 the students first capital funding system, _____ school
11 district is entitled to state monies for building renewal, new
12 construction and renovation of school buildings in accordance
13 with state law.

14 2. The ballot shall contain the words "bond approval, yes" and "bond
15 approval, no", and the voter shall signify the voter's desired choice.

16 3. At least eighty-five days before the election, the school district
17 shall submit proposed ballot language to the director of the legislative
18 council. The director of the legislative council shall review the proposed
19 ballot language to determine whether the proposed ballot language complies
20 with this section. If the director of the legislative council determines
21 that the proposed ballot language does not comply with this section, the
22 director, within ten calendar days of the receipt of the proposed ballot
23 language, shall notify the school district of the director's objections and
24 the school district shall resubmit revised ballot language to the director
25 for approval.

26 4. No later than thirty-five days before an impact aid revenue bond
27 election conducted pursuant to this section, the school district shall mail a
28 publicity pamphlet to each household that contains a qualified elector in the
29 school district. The publicity pamphlet shall contain, at a minimum, the
30 following information:

31 (a) The date of the election.

32 (b) the voter's polling place and the times it is open.

33 (c) An executive summary of the school district's most recent capital
34 plan submitted to the school facilities board.

35 (d) A complete list of each proposed capital improvement that will be
36 funded with the proceeds of the bonds and a description of the proposed cost
37 of each improvement, including a separate aggregation of capital improvements
38 for administrative purposes as defined by the school facilities board.

39 (e) A statement that impact aid revenue bonds will be fully funded by
40 aid that the school district receives from the federal government and do not
41 require a levy of taxes in the district.

42 (f) A statement that if the bonds are approved the first priority for
43 the impact aid will be to pay the debt service for the bonds and that other
44 uses of the monies are prohibited until the debt service obligation is met.

(g) A statement that if the impact aid revenue bonds are approved, the school district shall not issue or sell class B bonds while the district has existing indebtedness from impact aid revenue bonds, except for bonds issued to refund any bonds issued by the board.

J. If the voters approve the issuance of school district class B bonds or impact aid revenue bonds, the school district shall not use the bond proceeds for any purposes other than the proposed capital improvements listed in the publicity pamphlet, except that up to ten per cent of the bond proceeds may be used for general capital expenses, including cost overruns of proposed capital improvements.

K. Each school district that issues bonds under this section is required to hold a public meeting each year between September 1 and October 31, until the bond proceeds are spent, at which an update of the progress of capital improvements financed through bonding is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed since the prior meeting and the future capital bonding plans of the school district. The school district shall include in the public meeting a discussion of the school district's use of state capital aid and voter-approved capital overrides in funding capital improvements, if any.

Sec. 13. Section 15-1465, Arizona Revised Statutes, is amended to read:

15-1465. Election: issuance and sale of bonds for capital outlay; disposition of proceeds; proration of expenditures by counties

A. A district may conduct an election to determine whether or not bonds shall be issued and sold for the purpose of paying its share of the expenditures incurred for capital outlay. The election shall be originated and conducted, the bonds issued, sold and redeemed and a tax levy imposed for payment of interest on such bonds and redemption of bonds in accordance with the provisions of title 35, chapter 3, article 3 and the limitations imposed on school districts by article IX, section 8, Constitution of Arizona, insofar as those provisions are applicable. **THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).** Bond counsel fees, financial advisory fees, printing costs and paying agent and registrar fees shall be paid from either the amount authorized by the qualified electors of the community college district or current operating funds. Bond election expenses shall be paid from current operating funds only.

B. The proceeds of all bonds sold as provided in subsection A **OF THIS SECTION** shall be used only for capital outlay, including the purchase of land, the purchase, erection, remodeling or completion of buildings and the

1 purchase of equipment and facilities for educational or auxiliary purposes of
2 the community college district.

3 C. Where a district contains more than one county, subsections A and B
4 **OF THIS SECTION** shall be applicable separately to each of the counties as to
5 its portion of the expenditures to be paid for capital outlay in setting up
6 the physical plant of the district even though the proposed plant is to be
7 established, wholly or partly, in one county of the district.

8 D. The portion of the expenditures for capital outlay to be prorated
9 by each county of a district shall be determined in the ratio that the
10 assessed valuation of each county within the district bears to the total
11 assessed valuation of all counties within the district.

12 E. If a majority of the qualified electors voting at an election held
13 as provided in this chapter disapproves the issuance of bonds for any
14 purpose, the governing board of the community college district shall not
15 authorize the expenditure of funds from any source for such purpose without
16 subsequent approval of a majority of the qualified electors voting at an
17 election held as provided in this chapter, except that a subsequent vote of
18 the district electors shall not be necessary to:

- 19 1. Construct buildings and site improvements on existing campuses.
- 20 2. Repair and remodel existing facilities and to purchase equipment.
- 21 3. Purchase land adjacent to an existing campus.

22 Sec. 14. Section 16-204, Arizona Revised Statutes, as amended by Laws
23 2006, chapter 44, section 5, is amended to read:

24 **16-204. Declaration of statewide concern; consolidated election**
25 **dates**

26 A. While the legislature recognizes that the method of conducting
27 elections by political subdivisions, including charter counties and cities,
28 may be a matter of local concern, the legislature finds and determines that
29 for the purposes of increasing voter participation and for decreasing the
30 costs to the taxpayers it is a matter of statewide concern that all elections
31 in this state be conducted on a limited number of days and, therefore, the
32 legislature finds and declares that the holding of all elections on certain
33 specific consolidated days is a matter of statewide concern.

34 B. Notwithstanding any other law or any charter or ordinance of any
35 county, city or town to the contrary, an election held for or on behalf of a
36 county, city or town, a school district, a community college district or
37 special districts organized pursuant to title 48, chapters 5, 6, 8, 10, 13
38 through 16 and 33 may only be held on the following dates:

39 1. Except for regular elections for candidates in a city or town with
40 a population of one hundred seventy-five thousand or more persons, all
41 elections, including recall elections and special elections to fill
42 vacancies, shall be held on:

- 43 (a) The second Tuesday in March.
- 44 (b) The third Tuesday in May.

(c) The eighth Tuesday before the first Tuesday after the first Monday in November.

(d) The first Tuesday after the first Monday in November. **NOTWITHSTANDING ANY OTHER LAW, ANY ELECTION TO APPROVE AN OBLIGATION OR OTHER AUTHORIZATION REQUIRING OR AUTHORIZING THE ASSESSMENT OF SECONDARY PROPERTY TAXES BY A COUNTY, CITY, TOWN, SCHOOL DISTRICT, COMMUNITY COLLEGE DISTRICT OR SPECIAL TAXING DISTRICT SHALL BE HELD ON THIS DATE.**

2. For regular elections that are only for candidates in a city or town with a population of one hundred seventy-five thousand or more persons and not including recall elections and special elections to fill vacancies in those cities or towns, elections shall be held on:

(a) The eighth Tuesday before the first Tuesday after the first Monday in November.

(b) The first Tuesday after the first Monday in November.

C. For any city or town, including a charter city, that holds its regularly scheduled candidate elections in even-numbered years pursuant to subsection B, paragraph 2, including a charter city, the term of office for a member of the city council or for the office of mayor begins on or after the second Tuesday in January in the year following the election.

D. This section does not apply to an election regarding a county or city charter committee or county or city charter proposal that is conducted pursuant to article XIII, section 2 or 3 or article XII, section 5, Constitution of Arizona.

Sec. 15. Section 35-452, Arizona Revised Statutes, is amended to read:

35-452. Election to authorize indebtedness; costs

A. The governing body or board of a political subdivision enumerated in section 35-451 may, and upon petition signed by fifteen per cent of the qualified electors shall, order an election by such electors to determine whether such indebtedness shall be authorized. **THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

B. If a majority of the qualified electors voting at the election votes in favor of creating an indebtedness such political subdivision may become so indebted.

C. Bond counsel fees, financial advisory fees, printing costs and paying agent and registrar fees shall be paid from either the amount authorized by the qualified electors of the political subdivision or current operating funds.

D. Bond election expenses shall be paid from current operating funds only.

Sec. 16. Section 35-453, Arizona Revised Statutes, is amended to read:

35-453. Order for election

A. The governing body or board of the political subdivision shall order the election to be held at the regular voting places within the limits of such subdivision ~~not less than thirty nor more than one hundred fifty days~~

~~from the date of the order~~ ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

B. If the election is to be held for creating an indebtedness by a county, the order shall be made by the board of supervisors of the county in which the election will be held.

C. The order shall state the object of the election, and shall be prima facie evidence that all provisions necessary to give the order validity or qualify the governing body or board to make such order have been fully complied with.

Sec. 17. Section 35-454, Arizona Revised Statutes, as amended by Laws 2006, chapter 44, section 14 and chapter 217, section 7 is amended to read:

35-454. Informational pamphlet for election; review; election; return; canvass of vote; certificate of election

A. The governing body or board of the political subdivision shall:

1. Not less than thirty-five days before the bond election mail a copy of an informational pamphlet to every household within the political subdivision that contains a registered voter. The pamphlet shall contain information on the:

(a) Amount of the bond authorization.

(b) Maximum interest rate of the bonds.

(c) Estimated debt retirement schedule for the current amount of bonds outstanding, showing both principal and interest payments, the current secondary assessed valuation as reported by the department of revenue or the county assessor and the current adopted and estimated tax rates. In this paragraph, "secondary assessed valuation" may include the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

(d) Estimated debt retirement schedule for the proposed bond authorization, showing both the estimated principal and interest payments and the estimated average annual tax rate for the proposed bond authorization. In preparing this information and the information prescribed by subdivision (c), the projected total annual increase in secondary assessed valuation for any future year shall not exceed:

(i) For the first five years of the estimated debt retirement schedule, the average of the annual percentage growth for the previous ten years in the secondary assessed valuation of the political subdivision.

(ii) For the remaining years of the estimated debt retirement schedule, twenty per cent of the average of the annual percentage growth for the previous ten years in the secondary assessed valuation of the political subdivision.

(e) Source of repayment.

(f) Estimated issuance costs.

~~(g) Estimated tax impact on the owner-occupied residential property, agricultural property and commercial and industrial property for the current~~

~~year in the political subdivision. The tax impact shall be shown for property with a full cash value of one hundred thousand dollars and for property with an average assessed valuation for that class, as determined by the governing body or board. The tax impact shall show the projected average annual cost of the proposed bond authorization, including principal and interest, over the life of the proposed bond authorization. The information on estimated tax impact shall be set forth in substantially the following form:~~

~~Estimated average annual tax rate per \$100 of secondary assessed valuation: \$_____~~

~~[The following table for each specified class of property]~~

~~_____ property~~

~~(assessed at _____%)~~

~~Assessor's full Secondary assessed Estimated annual cost
cash value value~~

~~_____ (*) \$_____~~

~~\$100,000 _____ \$_____~~

~~(Other values
may be included) _____ \$_____~~

~~(*) Estimated average value~~

(g) THE ESTIMATED TAX IMPACT OF DEBT SERVICE FOR THE BONDS ON AN OWNER-OCCUPIED RESIDENCE CLASSIFIED AS CLASS THREE PURSUANT TO SECTION 42-12003 AND ON COMMERCIAL PROPERTY CLASSIFIED AS CLASS ONE PURSUANT TO SECTION 42-12001, PARAGRAPH 12, IN CURRENT DOLLARS AND ASSUMING THE ASSESSED VALUATION OF THE PROPERTY AND THE AGGREGATE NET ASSESSED VALUATION OF THE POLITICAL SUBDIVISION REMAIN CONSTANT OVER THE TERM OF THE BONDS, AS FOLLOWS:

"THE TAX IMPACT OVER THE TERM OF THE BONDS ON AN OWNER-OCCUPIED RESIDENCE VALUED BY THE COUNTY ASSESSOR AT \$250,000 IS ESTIMATED TO BE \$____ PER YEAR FOR ____ YEARS, OR \$____ TOTAL COST.

THE TAX IMPACT OVER THE TERM OF THE BONDS ON COMMERCIAL PROPERTY VALUED BY THE COUNTY ASSESSOR AT \$2,500,000 IS ESTIMATED TO BE \$____ PER YEAR FOR ____ YEARS, OR \$____ TOTAL COST."

(h) IF OUTSTANDING BONDS WILL BE REDEEMED OR RETIRED WITHIN TWELVE MONTHS, OTHER THAN THROUGH ISSUANCE OF REFUNDING BONDS, THE ESTIMATED NET EFFECT IN THE FIRST YEAR OF DEBT SERVICE ON THE NEW BONDS AFTER THE RETIREMENT OF THE OBLIGATION ON THE OUTSTANDING BONDS ON AN OWNER-OCCUPIED RESIDENCE CLASSIFIED AS CLASS THREE PURSUANT TO SECTION 42-12003 AND ON COMMERCIAL PROPERTY CLASSIFIED AS CLASS ONE PURSUANT TO SECTION 42-12001, PARAGRAPH 12.

~~(h)~~ (i) In bold faced type, estimated total cost TO THE POLITICAL SUBDIVISION of the proposed bond authorization, including principal and interest.

~~(i)~~ (j) Current outstanding general obligation debt and constitutional debt limitation.

- 1 ~~(j)~~ (k) Purpose for which the bonds are to be issued.
- 2 ~~(k)~~ (l) Polling location for the addressee.
- 3 ~~(l)~~ (m) Hours during the day when the polls will be open.
- 4 ~~(m)~~ (n) Arguments for and against the authorization of one or more of
- 5 the bond propositions.

6 2. Submit a copy of the informational pamphlet to the department of
7 revenue within thirty days after the bond election. The department of
8 revenue shall maintain copies of the pamphlets.

9 B. The failure of any one or more electors to receive the
10 informational pamphlet shall not be grounds to invalidate the election. The
11 election shall conform with the general election laws of the state. The
12 return of the election held in a county shall be made to the board of
13 supervisors and, in any other case, to the governing body or board of the
14 municipal corporation or district within twelve days after the election.

15 C. For any proposed general obligation bond authorization where the
16 principal and interest will be paid by a levy of property taxes, the ballot
17 shall contain the phrase "the issuance of these bonds will result in an
18 annual levy of property taxes sufficient to pay the debt on the bonds".

19 D. If the governing body intends to use revenues other than property
20 taxes to pay the debt on proposed general obligation bonds, the ballot shall
21 contain the phrase "the issuance of these bonds will result in an annual levy
22 of property taxes sufficient to pay the debt on the bonds, unless the
23 governing body provides for payment from other sources".

24 E. The board of supervisors, governing body or governing board shall
25 hold a special meeting within twenty days after the election to canvass the
26 votes cast and certify the result. The certificate of the result shall be
27 prima facie evidence of full performance of all conditions and requirements
28 precedent to holding the election.

29 F. The governing board or body shall file and record in the office of
30 the county recorder a certificate disclosing the purpose of the election, the
31 total number of votes cast and the total number of votes for and against
32 creating the indebtedness, and stating whether or not the indebtedness is
33 ordered. Upon filing and recording the certificate, the governing board or
34 body shall carry out the purpose of the election.

35 G. Variations between the estimates required by subsection A and the
36 actual debt retirement schedules, issuance costs, annual and total costs and
37 tax rates shall not invalidate either the election or the bonds.

38 Sec. 18. Section 41-1276, Arizona Revised Statutes, is amended to
39 read:

40 41-1276. Truth in taxation levy for equalization assistance to
41 school districts

42 A. On or before February 15 of each year, the joint legislative budget
43 committee shall compute and transmit the truth in taxation rates for
44 equalization assistance for school districts for the following fiscal year
45 to:

1 1. The chairmen of the house of representatives ways and means
2 committee and the senate finance committee or their successor committees.

3 2. The chairmen of the appropriations committees of the senate and the
4 house of representatives or their successor committees.

5 B. The truth in taxation rates consist of the qualifying tax rate for
6 a high school district or a common school district within a high school
7 district that does not offer instruction in high school subjects pursuant to
8 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a
9 unified district, a common school district not within a high school district
10 or a common school district within a high school district that offers
11 instruction in high school subjects pursuant to section 15-971, subsection B,
12 paragraph 2 and a county equalization assistance for education tax rate
13 pursuant to section 15-994 that will offset the change in net assessed
14 valuation of property that was subject to tax in the prior year.

15 C. The joint legislative budget committee shall compute the truth in
16 taxation rates as follows:

17 1. Determine the statewide primary net assessed value for the
18 preceding tax year as provided in section 42-17151, subsection A,
19 paragraph 3.

20 2. Determine the statewide primary net assessed value for the current
21 tax year, excluding the net assessed value of property that was not subject
22 to tax in the preceding year.

23 3. Divide the amount determined in paragraph 1 of this subsection by
24 the amount determined in paragraph 2 of this subsection.

25 4. Adjust the qualifying tax rates and the county equalization
26 assistance for education tax rate for the current fiscal year by the
27 percentage determined in paragraph 3 of this subsection in order to offset
28 the change in net assessed value.

29 D. Except as provided in subsections E and G of this section, the
30 qualifying tax rate for a high school district or a common school district
31 within a high school district that does not offer instruction in high school
32 subjects, the qualifying tax rate for a unified school district, a common
33 school district not within a high school district or a common school district
34 within a high school district that offers instruction in high school subjects
35 and the county equalization assistance for education tax rate for the
36 following fiscal year shall be the rate determined by the joint legislative
37 budget committee pursuant to subsection C of this section. The committee
38 shall transmit the rates to the superintendent of public instruction and the
39 county boards of supervisors by March 15 each year.

40 E. If the legislature proposes either qualifying tax rates or a county
41 equalization assistance for education tax rate that exceeds the truth in
42 taxation rate:

43 1. The house of representatives ways and means committee and the
44 senate finance committee or their successor committees shall hold a joint

1 hearing on or before February 28 and publish a notice of a truth in taxation
2 hearing that meets the following requirements:

3 (a) The notice shall be published twice in a newspaper of general
4 circulation in this state that is published at the state capital. The first
5 publication shall be at least fourteen but not more than twenty days before
6 the date of the hearing. The second publication shall be at least seven but
7 not more than ten days before the date of the hearing.

8 (b) The notice shall be published in a location other than the
9 classified or legal advertising section of the newspaper.

10 (c) The notice shall be at least one-fourth page in size and shall be
11 surrounded by a solid black border at least one-eighth inch in width.

12 (d) The notice shall be in the following form, with the "truth in
13 taxation hearing - notice of tax increase" headline in at least eighteen
14 point type:

15 Truth in Taxation Hearing

16 Notice of Tax Increase

17 In compliance with section 41-1276, Arizona Revised
18 Statutes, the state legislature is notifying property taxpayers
19 in Arizona of the legislature's intention to raise the property
20 tax levy over last year's level.

21 The proposed tax increase will cause the taxes on a
22 \$100,000 home to increase by \$_____.

23 All interested citizens are invited to attend a public
24 hearing on the tax increase that is scheduled to be held
25 _____ (date and time) at _____ (location).

26 (e) For purposes of computing the tax increase on a one hundred
27 thousand dollar home as required by the notice, the joint meeting of the
28 house of representatives ways and means committee and the senate finance
29 committee or their successor committees shall consider the difference between
30 the truth in taxation rate and the proposed increased rate.

31 2. The joint meeting of the house of representatives ways and means
32 committee and the senate finance committee or their successor committees
33 shall consider any motion to recommend the proposed tax rates to the full
34 legislature by roll call vote.

35 F. In addition to publishing the truth in taxation notice under
36 subsection E, paragraph 1 of this section, the joint meeting of the house of
37 representatives ways and means committee and the senate finance committee or
38 their successor committees shall issue a press release containing the truth
39 in taxation notice.

40 G. Notwithstanding any other law, the legislature shall not adopt a
41 state budget that provides for either qualifying tax rates pursuant to
42 section 15-971 or a county equalization assistance for education tax rate
43 pursuant to section 15-994 that exceeds the truth in taxation rates computed
44 pursuant to subsection A of this section unless the rates are adopted by a
45 concurrent resolution approved by an affirmative roll call vote of two-thirds

of the members of each house of the legislature before the legislature enacts the general appropriations bill. If the resolution is not approved by two-thirds of the members of each house of the legislature, the rates for the following fiscal year shall be the truth in taxation rates determined pursuant to subsection C of this section and shall be transmitted to the superintendent of public instruction and the county boards of supervisors.

H. Notwithstanding subsection C of this section and if approved by the qualified electors voting at a statewide general election, the legislature shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high school district or \$4.253 for a unified school district. The legislature shall not set a county equalization assistance for education rate that exceeds \$0.5123.

I. Pursuant to subsection C of this section, the qualifying tax rate in fiscal year ~~2006~~ 2005-2006 for a ~~common-or~~ high school district OR A COMMON SCHOOL DISTRICT WITHIN A HIGH SCHOOL DISTRICT THAT DOES NOT OFFER INSTRUCTION IN HIGH SCHOOL SUBJECTS AS PROVIDED IN SECTION 15-447 is ~~\$1.8090~~ \$1.7394 and for a unified school district, A COMMON SCHOOL DISTRICT NOT WITHIN A HIGH SCHOOL DISTRICT OR A COMMON SCHOOL DISTRICT WITHIN A HIGH SCHOOL DISTRICT THAT OFFERS INSTRUCTION IN HIGH SCHOOL SUBJECTS AS PROVIDED IN SECTION 15-447 is ~~\$3.6180~~ \$3.4788. The county equalization assistance for education rate in:

1. Fiscal year ~~2006~~ 2005-2006 is \$0.4358.
2. FISCAL YEAR 2006-2007 IS \$0.2800.
3. FISCAL YEAR 2007-2008 IS \$0.1400.

Sec. 19. Section 42-1116, Arizona Revised Statutes, is amended to read:

42-1116. Disposition of tax revenues

A. The department shall promptly deposit, pursuant to sections 35-146 and 35-147, all monies it collects from the taxes administered pursuant to this article except the telecommunication services excise tax, separately accounting for each type of tax and each tax classification within each type of tax. At the same time the department of revenue shall also furnish copies of the transmittal schedules to the director of the department of administration.

B. Except as provided by subsection C of this section, the department shall deposit all monies and remittances received under this section to the credit of the following specific funds and accounts:

1. Amounts sufficient to meet the requirements for tax refunds to the tax refund account established in section 42-1117.
2. Amounts sufficient to meet the requirements of urban revenue sharing to the urban revenue sharing fund established in section 43-206.
3. Amounts collected pursuant to chapter 5, articles 1, ~~AND 5 and 9~~ of this title and section 42-5352, subsection A, to the transaction privilege and severance tax clearing account established ~~in~~ BY section 42-5029.

1 4. Through June 30, 2010 amounts sufficient to meet the requirements
2 of section 42-3104 to the corrections fund.

3 5. Amounts sufficient to meet the requirements of section 49-282,
4 subsection B relating to the water quality assurance revolving fund.

5 6. All remaining monies to the state general fund.

6 C. From the monies and remittances received under this section, each
7 month beginning July, 2001 the state treasurer shall transmit to the tourism
8 and sports authority, established by title 5, chapter 8, for deposit in its
9 facility revenue clearing account established by section 5-834, the greater
10 of:

11 1. One-twelfth of the amount reported by the department pursuant to
12 section 43-209.

13 2. Two hundred ninety-two thousand dollars per month for the first
14 twelve month period, increased in each subsequent twelve month period by an
15 additional eight per cent over the prior twelve months' distribution.

16 Sec. 20. Section 42-5001, Arizona Revised Statutes, is amended to
17 read:

18 42-5001. Definitions

19 In this article and article 2 of this chapter, unless the context
20 otherwise requires:

21 1. "Business" includes all activities or acts, personal or corporate,
22 engaged in or caused to be engaged in with the object of gain, benefit or
23 advantage, either directly or indirectly, but not casual activities or sales.

24 2. "Distribution base" means the portion of the revenues derived from
25 the tax levied by this article and articles 5, ~~AND 8 and 9~~ of this chapter
26 designated for distribution to counties, municipalities and other purposes
27 according to section 42-5029, subsection D.

28 3. "Engaging", when used with reference to engaging or continuing in
29 business, includes the exercise of corporate or franchise powers.

30 4. "Gross income" means the gross receipts of a taxpayer derived from
31 trade, business, commerce or sales and the value proceeding or accruing from
32 the sale of tangible personal property or service, or both, and without any
33 deduction on account of losses.

34 5. "Gross proceeds of sales" means the value proceeding or accruing
35 from the sale of tangible personal property without any deduction on account
36 of the cost of property sold, expense of any kind or losses, but cash
37 discounts allowed and taken on sales are not included as gross income.

38 6. "Gross income" and "gross proceeds of sales" do not include goods,
39 wares or merchandise, or value thereof, returned by customers if the sale
40 price is refunded either in cash or by credit, nor the value of merchandise
41 traded in on the purchase of new merchandise when the trade-in allowance is
42 deducted from the sales price of the new merchandise before completion of the
43 sale.

44 7. "Gross receipts" means the total amount of the sale, lease or
45 rental price, as the case may be, of the retail sales of retailers, including

1 any services that are a part of the sales, valued in money, whether received
2 in money or otherwise, including all receipts, cash, credits and property of
3 every kind or nature, and any amount for which credit is allowed by the
4 seller to the purchaser without any deduction from the amount on account of
5 the cost of the property sold, materials used, labor or service performed,
6 interest paid, losses or any other expense. Gross receipts do not include
7 cash discounts allowed and taken nor the sale price of property returned by
8 customers if the full sale price is refunded either in cash or by credit.

9 8. "Person" or "company" includes an individual, firm, partnership,
10 joint venture, association, corporation, estate or trust, this state, any
11 county, city, town, district, other than a school district, or other
12 political subdivision and any other group or combination acting as a unit,
13 and the plural as well as the singular number.

14 9. "Qualifying community health center":

15 (a) Means an entity that is recognized as nonprofit under section
16 501(c)(3) of the United States internal revenue code, that is a
17 community-based, primary care clinic that has a community-based board of
18 directors and that is either:

19 (i) The sole provider of primary care in the community.

20 (ii) A nonhospital affiliated clinic that is located in a federally
21 designated medically underserved area in this state.

22 (b) Includes clinics that are being constructed as qualifying
23 community health centers.

24 10. "Qualifying health care organization" means an entity that is
25 recognized as nonprofit under section 501(c) of the United States internal
26 revenue code and that uses, saves or invests at least eighty per cent of all
27 monies that it receives from all sources each year only for health and
28 medical related educational and charitable services, as documented by annual
29 financial audits prepared by an independent certified public accountant,
30 performed according to generally accepted accounting standards and filed
31 annually with the department. Monies that are used, saved or invested to
32 lease, purchase or construct a facility for health and medical related
33 education and charitable services are included in the eighty per cent
34 requirement.

35 11. "Qualifying hospital" means any of the following:

36 (a) A licensed hospital which is organized and operated exclusively
37 for charitable purposes, no part of the net earnings of which inures to the
38 benefit of any private shareholder or individual.

39 (b) A licensed nursing care institution or a licensed residential care
40 institution or a residential care facility operated in conjunction with a
41 licensed nursing care institution or a licensed kidney dialysis center, which
42 provides medical services, nursing services or health related services and is
43 not used or held for profit.

1 (c) A hospital, nursing care institution or residential care
2 institution which is operated by the federal government, this state or a
3 political subdivision of this state.

4 (d) A facility that is under construction and that on completion will
5 be a facility under subdivision (a), (b) or (c) of this paragraph.

6 12. "Retailer" includes every person engaged in the business classified
7 under the retail classification pursuant to section 42-5061 and, when in the
8 opinion of the department it is necessary for the efficient administration of
9 this article, includes dealers, distributors, supervisors, employers and
10 salesmen, representatives, peddlers or canvassers as the agents of the
11 dealers, distributors, supervisors or employers under whom they operate or
12 from whom they obtain the tangible personal property sold by them, whether in
13 making sales on their own behalf or on behalf of the dealers, distributors,
14 supervisors or employers.

15 13. "Sale" means any transfer of title or possession, or both,
16 exchange, barter, lease or rental, conditional or otherwise, in any manner or
17 by any means whatever, including consignment transactions and auctions, of
18 tangible personal property or other activities taxable under this chapter,
19 for a consideration, and includes:

20 (a) Any transaction by which the possession of property is transferred
21 but the seller retains the title as security for the payment of the price.

22 (b) Fabricating tangible personal property for consumers who furnish
23 either directly or indirectly the materials used in the fabrication work.

24 (c) Furnishing, preparing or serving for a consideration any tangible
25 personal property consumed on the premises of the person furnishing,
26 preparing or serving the tangible personal property.

27 14. "Solar daylighting" means a device that is specifically designed to
28 capture and redirect the visible portion of the solar beam, while controlling
29 the infrared portion, for use in illuminating interior building spaces in
30 lieu of artificial lighting.

31 15. "Solar energy device" means a system or series of mechanisms
32 designed primarily to provide heating, to provide cooling, to produce
33 electrical power, to produce mechanical power, to provide solar daylighting
34 or to provide any combination of the foregoing by means of collecting and
35 transferring solar generated energy into such uses either by active or
36 passive means, including wind generator systems that produce electricity.
37 Solar energy systems may also have the capability of storing solar energy for
38 future use. Passive systems shall clearly be designed as a solar energy
39 device, such as a trombe wall, and not merely as a part of a normal
40 structure, such as a window.

41 16. "Tangible personal property" means personal property which may be
42 seen, weighed, measured, felt or touched or is in any other manner
43 perceptible to the senses.

1 17. "Tax year" or "taxable year" means either the calendar year or the
2 taxpayer's fiscal year, if permission is obtained from the department to use
3 a fiscal year as the tax period instead of the calendar year.

4 18. "Taxpayer" means any person who is liable for any tax which is
5 imposed by this article.

6 19. "Wholesaler" or "jobber" means any person who sells tangible
7 personal property for resale and not for consumption by the purchaser.

8 Sec. 21. Section 42-5010, Arizona Revised Statutes, is amended to
9 read:

10 42-5010. Rates; distribution base

11 A. The tax imposed by this article is levied and shall be collected at
12 the following rates:

13 1. Five per cent of the tax base as computed for the business of every
14 person engaging or continuing in this state in the following business
15 classifications described in article 2 of this chapter:

16 (a) Transporting classification.

17 (b) Utilities classification.

18 (c) Telecommunications classification.

19 (d) Pipeline classification.

20 (e) Private car line classification.

21 (f) Publication classification.

22 (g) Job printing classification.

23 (h) Prime contracting classification.

24 (i) Owner builder sales classification.

25 (j) Amusement classification.

26 (k) Restaurant classification.

27 (l) Personal property rental classification.

28 (m) Retail classification.

29 ~~(n) Membership camping classification.~~

30 2. Five and one-half per cent of the tax base as computed for the
31 business of every person engaging or continuing in this state in the
32 transient lodging classification described in section 42-5070.

33 3. Three and one-eighth per cent of the tax base as computed for the
34 business of every person engaging or continuing in this state in the mining
35 classification described in section 42-5072.

36 4. Zero per cent of the tax base as computed for the business of every
37 person engaging or continuing in this state in the commercial lease
38 classification described in section 42-5069.

39 B. Twenty per cent of the tax revenues collected at the rate
40 prescribed by subsection A, paragraph 1 of this section from persons on
41 account of engaging in business under the business classifications listed in
42 subsection A, paragraph 1, subdivisions (a) through (i) of this section is
43 designated as distribution base for purposes of section 42-5029.

44 C. Forty per cent of the tax revenues collected at the rate prescribed
45 by subsection A, paragraph 1 of this section from persons on account of

1 engaging in business under the business classifications listed in subsection
2 A, paragraph 1, subdivisions (j) through ~~(n)~~ (m) of this section is
3 designated as distribution base for purposes of section 42-5029.

4 D. Thirty-two per cent of the tax revenues collected from persons on
5 account of engaging in business under the business classification listed in
6 subsection A, paragraph 3 of this section is designated as distribution base
7 for purposes of section 42-5029.

8 E. Fifty-three and one-third per cent of the tax revenues collected
9 from persons on account of engaging in business under the business
10 classification listed in subsection A, paragraph 4 of this section is
11 designated as distribution base for purposes of section 42-5029.

12 F. Fifty per cent of the tax revenues collected from persons on
13 account of engaging in business under the business classification listed in
14 subsection A, paragraph 2 of this section is designated as distribution base
15 for purposes of section 42-5029.

16 G. In addition to the rates prescribed by subsection A of this
17 section, if approved by the qualified electors voting at a statewide general
18 election, an additional rate increment is imposed and shall be collected
19 through June 30, 2021. The taxpayer shall pay taxes pursuant to this
20 subsection at the same time and in the same manner as under subsection A of
21 this section. The department shall separately account for the revenues
22 collected with respect to the rates imposed pursuant to this subsection and
23 the state treasurer shall distribute all of those revenues in the manner
24 prescribed by section 42-5029, subsection E. The rates imposed pursuant to
25 this subsection shall not be considered local revenues for purposes of
26 article IX, section 21, Constitution of Arizona. The additional tax rate
27 increment is levied at the rate of six-tenths of one per cent of the tax base
28 of every person engaging or continuing in this state in a business
29 classification listed in subsection A, paragraph 1 of this section.

30 H. Any increase in the rate of tax that is imposed by this chapter and
31 that is enacted by the legislature or by a vote of the people does not apply
32 with respect to contracts entered into by prime contractors or pursuant to
33 written bids made by prime contractors on or before the effective date of the
34 legislation or the date of the election enacting the increase. To qualify
35 for the exemption under this subsection, the prime contractor must maintain
36 sufficient documentation, in a manner and form prescribed by the department,
37 to verify the date of the contract or written bid.

38 I. For taxpayers taxable under this chapter other than prime
39 contractors taxable pursuant to section 42-5075:

40 1. Any increase in the rate of tax that is levied by this article or
41 article 2 of this chapter enacted by the legislature or by a vote of the
42 people does not apply for a period of one hundred twenty days from the date
43 of the tax rate increase to the gross proceeds of sales or gross income from
44 the business of the taxpayer with respect to written contracts entered into
45 before the effective date of the tax rate increase unless the taxpayer has

1 entered into a contract that contains a provision that entitles the taxpayer
2 to recover from the purchaser the amount of the additional tax levied.

3 2. The provisions of this subsection apply without regard to the
4 accounting method used by the taxpayer to report the taxes imposed under
5 article 2 of this chapter.

6 3. The provisions of this subsection shall not be considered in
7 determining the rate of tax imposed under chapter 6, article 3 of this title.

8 Sec. 22. Section 42-5029, Arizona Revised Statutes, is amended to
9 read:

10 42-5029. Remission and distribution of monies; definition

11 A. The department shall deposit, pursuant to sections 35-146 and
12 35-147, all revenues collected under this article and articles 4, 5, ~~AND 8~~
13 ~~and 9~~ of this chapter pursuant to section 42-1116, separately accounting for:

14 1. Payments of estimated tax under section 42-5014, subsection D.

15 2. Revenues collected pursuant to section 42-5070.

16 3. Revenues collected under this article and article 5 of this chapter
17 from and after June 30, 2000 from sources located on Indian reservations in
18 this state.

19 4. Revenues collected pursuant to section 42-5010, subsection G and
20 section 42-5155, subsection D.

21 B. The department shall credit payments of estimated tax to an
22 estimated tax clearing account and each month shall transfer all monies in
23 the estimated tax clearing account to a fund designated as the transaction
24 privilege and severance tax clearing account. The department shall credit
25 all other payments to the transaction privilege and severance tax clearing
26 account, separately accounting for the monies designated as distribution base
27 under sections 42-5010, 42-5164, 42-5205, ~~AND 42-5353 and 42-5409~~. Each
28 month the department shall report to the state treasurer the amount of monies
29 collected pursuant to this article and articles 4, 5, ~~AND 8 and 9~~ of this
30 chapter.

31 C. On notification by the department, the state treasurer shall
32 distribute the monies deposited in the transaction privilege and severance
33 tax clearing account in the manner prescribed by this section and by sections
34 42-5164, 42-5205, ~~AND 42-5353 and 42-5409~~, after deducting warrants drawn
35 against the account pursuant to sections 42-1118 and 42-1254.

36 D. Of the monies designated as distribution base the department shall:

37 1. Pay twenty-five per cent to the various incorporated municipalities
38 in this state in proportion to their population to be used by the
39 municipalities for any municipal purpose.

40 2. Pay 38.08 per cent to the counties in this state by averaging the
41 following proportions:

42 (a) The proportion that the population of each county bears to the
43 total state population.

44 (b) The proportion that the distribution base monies collected during
45 the calendar month in each county under this article, section 42-5164,

1 subsection B, section 42-5205, subsection B and ~~sections~~ SECTION 42-5353 and
 2 ~~42-5409~~ bear to the total distribution base monies collected under this
 3 article, section 42-5164, subsection B, section 42-5205, subsection B and
 4 ~~sections~~ SECTION 42-5353 and ~~42-5409~~ throughout the state for the calendar
 5 month.

6 3. Pay an additional 2.43 per cent to the counties in this state as
 7 follows:

8 (a) Average the following proportions:

9 (i) The proportion that the assessed valuation used to determine
 10 secondary property taxes of each county, after deducting that part of the
 11 assessed valuation that is exempt from taxation at the beginning of the month
 12 for which the amount is to be paid, bears to the total assessed valuations
 13 used to determine secondary property taxes of all the counties after
 14 deducting that portion of the assessed valuations that is exempt from
 15 taxation at the beginning of the month for which the amount is to be paid.
 16 Property of a city or town that is not within or contiguous to the municipal
 17 corporate boundaries and from which water is or may be withdrawn or diverted
 18 and transported for use on other property is considered to be taxable
 19 property in the county for purposes of determining assessed valuation in the
 20 county under this item.

21 (ii) The proportion that the distribution base monies collected during
 22 the calendar month in each county under this article, section 42-5164,
 23 subsection B, section 42-5205, subsection B and ~~sections~~ SECTION 42-5353 and
 24 ~~42-5409~~ bear to the total distribution base monies collected under this
 25 article, section 42-5164, subsection B, section 42-5205, subsection B and
 26 ~~sections~~ SECTION 42-5353 and ~~42-5409~~ throughout the state for the calendar
 27 month.

28 (b) If the proportion computed under subdivision (a) of this paragraph
 29 for any county is greater than the proportion computed under paragraph 2 of
 30 this subsection, the department shall compute the difference between the
 31 amount distributed to that county under paragraph 2 of this subsection and
 32 the amount that would have been distributed under paragraph 2 of this
 33 subsection using the proportion computed under subdivision (a) of this
 34 paragraph and shall pay that difference to the county from the amount
 35 available for distribution under this paragraph. Any monies remaining after
 36 all payments under this subdivision shall be distributed among the counties
 37 according to the proportions computed under paragraph 2 of this subsection.

38 4. After any distributions required by sections 42-5030, 42-5030.01,
 39 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water
 40 quality assurance revolving fund as required by section 49-282, subsection B,
 41 credit the remainder of the monies designated as distribution base to the
 42 state general fund. From this amount:

43 (a) The legislature shall annually appropriate to:

44 (i) The department of revenue sufficient monies to administer and
 45 enforce this article and articles 5, ~~AND~~ 8 and ~~9~~ of this chapter.

1 (ii) The department of economic security monies to be used for the
2 purposes stated in title 46, chapter 1.

3 (iii) The Arizona arts endowment fund established by section 41-986,
4 the full amount by which revenues derived from the amusement classification
5 pursuant to section 42-5073 for the current fiscal year exceed the revenues
6 that were derived from that classification in fiscal year 1993-1994, except
7 that this amount shall not exceed two million dollars through fiscal year
8 2008-2009.

9 (iv) The firearms safety and ranges fund established by section
10 17-273, fifty thousand dollars derived from the taxes collected from the
11 retail classification pursuant to section 42-5061 for the current fiscal
12 year.

13 (b) The state treasurer shall transfer to the tourism fund an amount
14 equal to the sum of the following:

15 (i) Three and one-half per cent of the gross revenues derived from the
16 transient lodging classification pursuant to section 42-5070 during the
17 preceding fiscal year.

18 (ii) Three per cent of the gross revenues derived from the amusement
19 classification pursuant to section 42-5073 during the preceding fiscal year.

20 (iii) Two per cent of the gross revenues derived from the restaurant
21 classification pursuant to section 42-5074 during the preceding fiscal year.

22 E. If approved by the qualified electors voting at a statewide general
23 election, all monies collected pursuant to section 42-5010, subsection G and
24 section 42-5155, subsection D shall be distributed each fiscal year pursuant
25 to this subsection. The monies distributed pursuant to this subsection are
26 in addition to any other appropriation, transfer or other allocation of
27 public or private monies from any other source and shall not supplant,
28 replace or cause a reduction in other school district, charter school,
29 university or community college funding sources. The monies shall be
30 distributed as follows:

31 1. If there are outstanding state school facilities revenue bonds
32 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
33 amount that is necessary to pay the fiscal year's debt service on outstanding
34 state school improvement revenue bonds for the current fiscal year shall be
35 transferred each month to the school improvement revenue bond debt service
36 fund established by section 15-2084. The total amount of bonds for which
37 these monies may be allocated for the payment of debt service shall not
38 exceed a principal amount of eight hundred million dollars exclusive of
39 refunding bonds and other refinancing obligations.

40 2. After any transfer of monies pursuant to paragraph 1 of this
41 subsection, twelve per cent of the remaining monies collected during the
42 preceding month shall be transferred to the technology and research
43 initiative fund established by section 15-1648 to be distributed among the
44 universities for the purpose of investment in technology and research-based
45 initiatives.

1 3. After the transfer of monies pursuant to paragraph 1 of this
2 subsection, three per cent of the remaining monies collected during the
3 preceding month shall be transferred to the workforce development account
4 established in each community college district pursuant to section 15-1472
5 for the purpose of investment in workforce development programs.

6 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
7 subsection, one-twelfth of the amount a community college that is owned,
8 operated or chartered by a qualifying Indian tribe on its own Indian
9 reservation would receive pursuant to section 15-1472, subsection D,
10 paragraph 2 if it were a community college district shall be distributed each
11 month to the treasurer or other designated depository of a qualifying Indian
12 tribe. Monies distributed pursuant to this paragraph are for the exclusive
13 purpose of providing support to one or more community colleges owned,
14 operated or chartered by a qualifying Indian tribe and shall be used in a
15 manner consistent with section 15-1472, subsection B. For purposes of this
16 paragraph, "qualifying Indian tribe" has the same meaning as defined in
17 section 42-5031.01, subsection D.

18 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
19 subsection, one-twelfth of the following amounts shall be transferred each
20 month to the department of education for the increased cost of basic state
21 aid under section 15-971 due to added school days and associated teacher
22 salary increases enacted in 2000:

- 23 (a) In fiscal year 2001-2002, \$15,305,900.
- 24 (b) In fiscal year 2002-2003, \$31,530,100.
- 25 (c) In fiscal year 2003-2004, \$48,727,700.
- 26 (d) In fiscal year 2004-2005, \$66,957,200.
- 27 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
28 \$86,280,500.

29 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
30 subsection, seven million eight hundred thousand dollars is appropriated each
31 fiscal year, to be paid in monthly installments, to the department of
32 education to be used for school safety as provided in section 15-154 and two
33 hundred thousand dollars is appropriated each fiscal year, to be paid in
34 monthly installments to the department of education to be used for the
35 character education matching grant program as provided in section 15-154.01.

36 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
37 subsection, no more than seven million dollars may be appropriated by the
38 legislature each fiscal year to the department of education to be used for
39 accountability purposes as described in section 15-241 and title 15, chapter
40 9, article 8.

41 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
42 subsection, one million five hundred thousand dollars is appropriated each
43 fiscal year, to be paid in monthly installments, to the failing schools
44 tutoring fund established by section 15-241.

1 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
2 subsection, twenty-five million dollars shall be transferred each fiscal year
3 to the state general fund to reimburse the general fund for the cost of the
4 income tax credit allowed by section 43-1072.01.

5 10. After the payment of monies pursuant to paragraphs 1 through 9 of
6 this subsection, the remaining monies collected during the preceding month
7 shall be transferred to the classroom site fund established by section
8 15-977. The monies shall be allocated as follows in the manner prescribed by
9 section 15-977:

10 (a) Forty per cent shall be allocated for teacher compensation based
11 on performance.

12 (b) Twenty per cent shall be allocated for increases in teacher base
13 compensation and employee related expenses.

14 (c) Forty per cent shall be allocated for maintenance and operation
15 purposes.

16 F. The department shall credit the remainder of the monies in the
17 transaction privilege and severance tax clearing account to the state general
18 fund, subject to any distribution required by section 42-5030.01.

19 G. Notwithstanding subsection D of this section, if a court of
20 competent jurisdiction finally determines that tax monies distributed under
21 this section were illegally collected under this article or articles 5, ~~AND~~
22 ~~8 and 9~~ of this chapter and orders the monies to be refunded to the taxpayer,
23 the department shall compute the amount of such monies that was distributed
24 to each city, town and county under this section. The department shall
25 notify the state treasurer of that amount plus the proportionate share of
26 additional allocated costs required to be paid to the taxpayer. Each city's,
27 town's and county's proportionate share of the costs shall be based on the
28 amount of the original tax payment each municipality and county received.
29 Each month the state treasurer shall reduce the amount otherwise
30 distributable to the city, town and county under this section by one
31 thirty-sixth of the total amount to be recovered from the city, town or
32 county until the total amount has been recovered, but the monthly reduction
33 for any city, town or county shall not exceed ten per cent of the full
34 monthly distribution to that entity. The reduction shall begin for the first
35 calendar month after the final disposition of the case and shall continue
36 until the total amount, including interest and costs, has been recovered.

37 H. On receiving a certificate of default from the greater Arizona
38 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
39 extent not otherwise expressly prohibited by law, the state treasurer shall
40 withhold from the next succeeding distribution of monies pursuant to this
41 section due to the defaulting political subdivision the amount specified in
42 the certificate of default and immediately deposit the amount withheld in the
43 greater Arizona development authority revolving fund. The state treasurer
44 shall continue to withhold and deposit the monies until the greater Arizona
45 development authority certifies to the state treasurer that the default has

1 been cured. In no event may the state treasurer withhold any amount that the
 2 defaulting political subdivision certifies to the state treasurer and the
 3 authority as being necessary to make any required deposits then due for the
 4 payment of principal and interest on bonds of the political subdivision that
 5 were issued before the date of the loan repayment agreement or bonds and that
 6 have been secured by a pledge of distributions made pursuant to this section.

7 I. Except as provided by sections 42-5033 and 42-5033.01, the
 8 population of a county, city or town as determined by the most recent United
 9 States decennial census plus any revisions to the decennial census certified
 10 by the United States bureau of the census shall be used as the basis for
 11 apportioning monies pursuant to subsection D of this section.

12 J. For the purposes of this section, "community college district"
 13 means a community college district **THAT IS** established pursuant to sections
 14 15-1402 and 15-1403 **AND** that is a political subdivision of this state.

15 Sec. 23. Section 42-5069, Arizona Revised Statutes, is amended to
 16 read:

17 **42-5069. Commercial lease classification; definitions**

18 A. The commercial lease classification is comprised of the business of
 19 leasing for a consideration the use or occupancy of real property.

20 B. A person who, as a lessor, leases or rents for a consideration
 21 under one or more leases or rental agreements the use or occupancy of real
 22 property that is used by the lessee for commercial purposes is deemed to be
 23 engaged in business and subject to the tax imposed by article 1 of this
 24 chapter, but this subsection does not include leases or rentals of real
 25 property used for residential or agricultural purposes.

26 C. The commercial lease classification does not include:

27 1. Any business activities ~~which~~ **THAT** are classified under the
 28 transient lodging classification.

29 2. Activities engaged in by the Arizona exposition and state fair
 30 board or county fair commissions in connection with events sponsored by those
 31 entities.

32 3. Leasing real property to a lessee who subleases the property if the
 33 lessee is engaged in business classified under the commercial lease
 34 classification or the transient lodging classification.

35 4. Leasing real property pursuant to a written lease agreement entered
 36 into before December 1, 1967. This exclusion does not apply to ~~the~~

37 ~~(a)~~ the businesses of hotels, guest houses, dude ranches and resorts,
 38 rooming houses, apartment houses, office buildings, automobile storage
 39 garages, parking lots or tourist camps, or to the extension or renewal of any
 40 such written lease agreement.

41 ~~(b) Any such written lease agreement unless a rental occupancy tax is~~
 42 ~~paid pursuant to article 9 of this chapter.~~

43 5. Leasing real property by a corporation to an affiliated
 44 corporation. For **THE** purposes of this paragraph, "affiliated corporation"
 45 means a corporation ~~which~~ **THAT** owns or controls at least eighty per cent of

1 the lessor, ~~which~~ THAT is at least eighty per cent owned or controlled by the
2 lessor or THAT is at least eighty per cent owned or controlled by a
3 corporation ~~which~~ THAT also owns or controls at least eighty per cent of the
4 lessor. Ownership and control are determined by reference to the voting
5 shares of a corporation.

6 6. Leasing real property for sublease if the tenant in possession of
7 the property is subject to the rental occupancy tax pursuant to article 9 of
8 this chapter.

9 7. Leasing real property for boarding horses.

10 8. Leasing or renting real property or the right to use real property
11 at exhibition events in this state sponsored, operated or conducted by a
12 nonprofit organization that is exempt from taxation under section 501(c)(3),
13 501(c)(4) or 501(c)(6) of the internal revenue code if the organization is
14 associated with major league baseball teams or a national touring
15 professional golfing association and no part of the organization's net
16 earnings inures to the benefit of any private shareholder or individual.

17 9. Leasing or renting real property or the right to use real property
18 for use as a rodeo featuring primarily farm and ranch animals in this state
19 sponsored, operated or conducted by a nonprofit organization that is exempt
20 from taxation under section 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or
21 501(c)(8) of the internal revenue code and no part of the organization's net
22 earnings inures to the benefit of any private shareholder or individual.

23 10. Leasing or renting dwelling units, lodging facilities or trailer or
24 mobile home spaces if the units, facilities or spaces are intended to serve
25 as the principal or permanent place of residence for the lessee or renter or
26 if the unit, facility or space is leased or rented to a single tenant thirty
27 or more consecutive days.

28 11. Leasing or renting real property and improvements for use primarily
29 for religious worship by a nonprofit organization that is exempt from
30 taxation under section 501(c)(3) of the internal revenue code and no part of
31 the organization's net earnings inures to the benefit of any private
32 shareholder or individual.

33 12. Leasing or renting real property used for agricultural purposes
34 under either of the following circumstances:

35 (a) The lease or rental is between family members, trusts, estates,
36 corporations, partnerships, joint venturers or similar entities, or any
37 combination thereof, if the individuals or at least eighty per cent of the
38 beneficiaries, shareholders, partners or joint venturers share a family
39 relationship as parents or ancestors of parents, children or descendants of
40 children, siblings, cousins of the first degree, aunts, uncles, nieces or
41 nephews of the first degree, spouses of any of the listed relatives and
42 listed relatives by the half-blood or by adoption.

43 (b) The lessor leases or rents real property used for agricultural
44 purposes under no more than three leases or rental agreements.

1 13. Leasing, renting or granting the right to use real property to
2 vendors or exhibitors by a trade or industry association ~~which~~ THAT is a
3 qualifying organization pursuant to section 513(d)(3)(C) of the internal
4 revenue code for a period not to exceed twenty-one days in connection with an
5 event that meets all of the following conditions:

6 (a) ~~Where~~ The majority of such vending or exhibition activities relate
7 to the nature of THE trade or business sponsoring the event.

8 (b) The event is held in conjunction with a formal business meeting of
9 the trade or industry association.

10 (c) The event is organized by the persons engaged in the particular
11 trade or industry.

12 14. Leasing, renting or granting the right to use real property for a
13 period not to exceed twenty-one days by a coliseum, civic center, civic
14 plaza, convention center, auditorium or arena owned by this state or any of
15 its political subdivisions.

16 15. Leasing or subleasing real property used by a nursing care
17 institution as defined in section 36-401 that is licensed pursuant to title
18 36, chapter 4.

19 16. Leasing or renting a transportation facility as provided in section
20 28-7705, subsections A and B.

21 17. Granting or providing rights to real property that constitute a
22 profit à prendre for the severance of minerals, including all rights to use
23 the surface or subsurface of the property as is necessary or convenient to
24 the right to sever the minerals. This paragraph does not exclude from the
25 commercial lease classification leasehold rights to the real property that
26 are granted in addition to and not included within the right of profit à
27 prendre, but the tax base for the grant of such a leasehold right, if the
28 gross income derived from the grant is not separately stated from the gross
29 income derived from the grant of the profit à prendre, shall not exceed the
30 fair market value of the leasehold rights computed after excluding the value
31 of all rights under the profit à prendre. ~~As used in~~ FOR THE PURPOSES OF
32 this paragraph, "profit à prendre" means a right to use the land of another
33 to mine minerals, and carries with it the right of entry and the right to
34 remove and take the minerals from the land and also includes the right to use
35 the surface of the land as is necessary and convenient for exercise of the
36 profit.

37 D. The tax base for the commercial lease classification is the gross
38 proceeds of sales or gross income derived from the business, but
39 reimbursements to the lessor for utility service shall be deducted from the
40 tax base.

41 E. Notwithstanding section 42-1104, subsection B, paragraph 1,
42 subdivision (b) and paragraph 2, the failure to file tax returns for the
43 commercial lease classification that report gross income derived from any
44 agreement that constitutes, in whole or in part, a grant of a right of profit

1 à prendre for the severance of minerals does not constitute an exception to
2 the general rule for the statute of limitations.

3 F. For THE purposes of this section:

4 1. "Leasing" includes renting.

5 2. "Real property" includes any improvements, rights or interest in
6 such property.

7 Sec. 24. Repeal

8 Section 42-5077, Arizona Revised Statutes, is repealed.

9 Sec. 25. Section 42-5201, Arizona Revised Statutes, is amended to
10 read:

11 42-5201. Definitions

12 In this article, unless the context otherwise requires:

13 1. "Gross value of production" means the sum of the value of
14 production determined for each metalliferous mineral mined by the severer.

15 2. "Metallic product" means any metalliferous mineral or metalliferous
16 mineral product.

17 3. "Metalliferous mineral" means copper, gold, silver, molybdenum or
18 other metal or any ore or substance containing such metals including
19 turquoise that is severed within this state.

20 4. "Metalliferous mineral product" means the material resulting from
21 the processing of a metalliferous mineral including any concentrate of an
22 ore, any precipitate of a metalliferous mineral or any metal bullion.

23 5. "Mining" means the activity of extracting from the earth substances
24 that become metalliferous minerals and:

25 (a) In the case of ore that is customarily milled, concentrated,
26 agitation leached, or vat leached, mining includes all activity from the
27 breaking of ground to the delivery of ore to the primary crusher, including
28 blasting, loading, hauling, including hauling of waste, and dumping. The
29 quantity mined shall be measured after final crushing.

30 (b) In the case of ore that is not customarily milled, concentrated,
31 agitation leached, or vat leached, mining includes all activity from the
32 breaking of ground to the delivery of the ore to the reduction works, or if
33 the reduction works are located away from the situs of the mining activity,
34 to the point at which the ore is loaded on a means of transport to the
35 reduction works. The quantity mined shall be measured upon delivery to the
36 reduction works, or if the reduction works are located away from the situs of
37 mining activity, upon loading on a means of transport to the reduction works.

38 (c) In the case of dump or in situ leaching where the leach liquor is
39 precipitated, mining includes all activity from the breaking of ground, if
40 any, to the delivery of the leach liquor to the facility at which
41 precipitation takes place. The quantity mined shall be measured upon
42 precipitation.

43 (d) In the case of dump or in situ leaching where the leach liquor is
44 converted through a chemical, electrolytic or other means directly from a
45 liquor to a solid metallic mass, mining includes all activity from the

1 breaking of ground, if any, to the delivery of the leach liquor to the
2 solvent extraction or similar facility. The quantity mined shall be measured
3 upon delivery to the solvent extraction facility.

4 6. "Mining costs" means production costs incurred in mining.

5 7. "Out-of-state processing costs" means processing costs incurred by
6 the severer out of this state including freight charges incurred for shipping
7 metallic products out of this state.

8 8. "Price" means the per unit consideration a severer receives from
9 the sale during the reporting period of a metallic product whether sold
10 within or without this state. If a severer engages in manufacturing,
11 fabricating or other transforming activities of a refined metalliferous
12 mineral product before making a sale, the charges made by the severer for
13 such activities shall not be a part of the consideration in establishing the
14 price. If no sales occurred during the reporting period, price shall be
15 derived from the last reporting period in which sales occurred.

16 9. "Processing" means any non-mining activity that transforms
17 metalliferous minerals into metalliferous mineral products including
18 precipitating, crushing, concentrating, smelting and refining. "Processing"
19 does not include manufacturing or fabrication or other transformation
20 activities beyond refining.

21 10. "Processing costs" means production costs other than mining costs.

22 11. "Production costs" means the costs incurred by the severer in
23 mining and processing until the point of sale including but not limited to
24 energy, fuel, labor, supplies, depreciation, transportation and other
25 expenses reasonably allocable to mining or processing including but not
26 limited to labor benefits, property taxes, lease payments for equipment used
27 in mining or processing and support services such as maintenance, security
28 and administration if such services are site specific. Production costs also
29 include selling expenses but do not include severance taxes or depletion
30 expenses. Production costs also do not include corporate salary and office
31 expenses, income taxes, interest expense on debt or corporate capital
32 charges.

33 12. "Recoverable units" means metalliferous mineral units based on
34 processing or contractual recoveries during the period of production.

35 13. "Sale" shall have the meaning ascribed to it in section 42-5001.

36 14. "Severer" means a person engaging in the business of mining ~~or~~
37 ~~timbering.~~

38 15. "Severing" means mining ~~or timbering.~~

39 ~~16. "Timber product" means poles, saw logs, pulpwood or firewood which~~
40 ~~result from timbering.~~

41 ~~17. "Timbering" includes all activities of a severer within this state~~
42 ~~resulting in the production of a timber product, including felling, limbing,~~
43 ~~bucking, skidding, loading and all activities ordinarily required under the~~
44 ~~terms of United States forest service timber contracts granted under 36 Code~~

~~of Federal Regulations section 223.1, whether performed by the severer or a contractor of the severer.~~

~~18-~~ 16. "Value of production" means the price multiplied by the recoverable units of a metallic product mined by the severer.

Sec. 26. Section 42-5202, Arizona Revised Statutes, is amended to read:

42-5202. Levy of tax

A. There is levied on any severer, and the department shall collect, an excise tax, denominated as a severance tax.

B. Except as provided in section 42-5203, the severance tax is in lieu of any other tax imposed upon the activities of ~~timbering or~~ mining and processing by article 1 of this chapter.

C. The amount of the severance tax levied on a severer engaging in the business of mining shall be determined by multiplying the net severance base by two and one-half per cent.

~~D. The amount of the severance tax levied on a severer engaging in the business of timbering shall be:~~

~~1. Two dollars thirteen cents per thousand board feet for timber products that are derived from ponderosa pine.~~

~~2. One dollar fifty one cents per thousand board feet for timber products derived from all species except ponderosa pine.~~

Sec. 27. Repeal

Title 42, chapter 5, article 9, Arizona Revised Statutes, is repealed.

Sec. 28. Section 42-17201, Arizona Revised Statutes, is amended to read:

42-17201. County levy limit override

A. The board of supervisors of a county may conduct an election to authorize a property tax levy that is not within the limitations on primary property taxation otherwise prescribed by section 42-17051.

B. In order to levy taxes exceeding the limitations prescribed on primary property tax, the board of supervisors shall adopt a resolution, by an affirmative vote of at least two-thirds of its membership, requesting the voters to approve a secondary property tax levy.

C. The board of supervisors shall submit the question to the qualified electors of the county at ~~a special AN election held on the third Tuesday in May before the beginning of the fiscal year in which the taxes are to be levied~~ FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

D. In the resolution requesting the voters to approve the levy, the board shall state:

1. The number of years in which the authority to levy taxes in excess of the limitations otherwise prescribed is to be in effect. The board shall not request authority from the voters for a period of less than two years nor more than seven years.

2. The purpose for providing revenue to the county.

1 3. The maximum dollar amount of secondary property tax that may be
2 collected in each year of the authority if voters approve the levy.

3 4. The estimated secondary property tax rate that will be levied in
4 the first year if the voters approve the levy.

5 E. If the levy is approved by the voters, the maximum amount of taxes
6 that the board may levy for any year in which the authority is in effect is
7 the amount stated in the resolution requesting voter approval of the levy.
8 The board shall levy the tax in the same manner as county secondary property
9 taxes as provided in section 42-17151.

10 F. The board may use monies it collects pursuant to this section only
11 for the purposes stated in the resolution requesting approval of the levy. If
12 an unexpended balance of the monies collected pursuant to this section
13 remains after satisfying the requirements of the resolution requesting the
14 approval of the levy, the board shall use the balance to reduce the levy in
15 the following year. If the balance exceeds the requirements for the
16 following year or if the authority granted by the voters to collect the taxes
17 pursuant to this section expires and is not renewed, the board shall use the
18 balance to reduce the county primary property tax in the following year.

19 G. The board shall deposit and separately account for the amounts
20 collected pursuant to this section in a fund in the county treasury.

21 H. The amounts collected pursuant to this section:

22 1. Shall not be included in the primary property tax levy limitation
23 prescribed by section 42-17051 for any subsequent year, except as provided in
24 this section.

25 2. Shall be collected from a levy of secondary property taxes.

26 3. Are not subject to limitations on taxes prescribed by article IX,
27 section 18, Constitution of Arizona.

28 Sec. 29. Section 42-17202, Arizona Revised Statutes, is amended to
29 read:

30 42-17202. Community college district levy limit override

31 A. If the governing board of a community college district determines
32 that the amounts permitted to be levied as primary property taxes in any year
33 pursuant to section 42-17051 would provide insufficient revenue to the
34 district, the board may conduct an election to authorize a property tax levy
35 that is not within the limitations on primary property taxation.

36 B. In order to levy taxes exceeding the limitations prescribed on
37 primary property tax, the board shall adopt a resolution, by an affirmative
38 vote of at least two-thirds of its membership, requesting the voters to
39 approve a secondary property tax levy.

40 C. The resolution shall state:

41 1. The maximum dollar amount of secondary property tax that may be
42 collected in each year of the authority if the voters approve the levy.

43 2. The number of years for which the authority to levy in excess of
44 the levy limitation is to be in effect, which shall be at least two years but
45 not more than seven years.

D. The election shall be held at a regularly scheduled election on the first Tuesday after the first Monday in November AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

E. The impact of the proposal shall appear on the ballot and in publicity pamphlets in the same manner as provided for local alternative expenditure limitations pursuant to section 41-563.03.

F. If a majority of the qualified electors voting at the election approves, the governing board may levy the additional amount as authorized in the election. The additional amount approved by the voters:

1. Shall not be included in computing the primary property tax levy limitation for any subsequent year.

2. Shall be collected from a levy of secondary property taxes.

3. Is not subject to the limitations on taxes prescribed by article IX, section 18, Constitution of Arizona.

Sec. 30. Section 42-17203, Arizona Revised Statutes, is amended to read:

42-17203. County levy for community college; election

A. A county that is not in an organized community college district may conduct an election to authorize a property tax levy for community college purposes that is not within the limitation on primary property taxes that is otherwise prescribed by section 42-17051.

B. In order to levy taxes for community college purposes in excess of the limitations otherwise prescribed on primary property tax, the board of supervisors of a county that is not in an organized community college district shall adopt a resolution by an affirmative vote of at least two-thirds of its membership requesting the voters to approve a community college reimbursement levy and setting the time and place for the election.

~~C. If the board approves the resolution within six months before the time in which a general election is to be conducted but not later than sixty days before the general election, the board shall submit the question to the voters at the general election. If the board approves the resolution, but not within six months before the time in which a general election is to be conducted, the board shall submit the question to the voters at a special election held on the third Tuesday in May. THE BOARD SHALL SUBMIT THE QUESTIONS TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).~~ Except as otherwise provided in this section, the election shall be held according to the provisions applying to bond issuance elections in title 35, chapter 3, article 3.

D. In the resolution requesting the voters to approve the levy and setting the time and place for the election, the board shall state:

1. The estimated maximum dollar amount of secondary property taxes that could be collected in the first year if the voters approve the levy for payment of tuition under section 15-1469, subsection B, paragraph 1.

1 2. The estimated secondary property tax rate that will be levied if
2 the voters approve the levy.

3 3. The estimated decrease of the primary property tax rate if the
4 voters approve the levy for the payment of tuition under section 15-1469,
5 subsection B, paragraph 1.

6 4. That the amount of community college reimbursement levy will vary
7 from year to year to pay tuition under section 15-1469, subsection B,
8 paragraph 1.

9 5. The maximum dollar amount of secondary property taxes that could be
10 collected in the first year if the voters approve the levy for payment of
11 tuition under section 15-1469, subsection B, paragraph 2 or to establish a
12 campus in the county that is affiliated with a community college district as
13 provided in subsection E of this section.

14 6. The maximum growth rate that will be allowed for secondary property
15 taxes collected in each subsequent year if the voters approve the levy for
16 payment of tuition under section 15-1469, subsection B, paragraph 2 or to
17 establish a campus in the county that is affiliated with a community college
18 district as provided in subsection E of this section.

19 E. The board may use monies it collects under this section to either:
20 1. Reimburse the costs of students pursuant to section 15-1469,
21 subsection B, paragraphs 1 and 2 as approved by the voters.

22 2. Establish a campus in the county that is affiliated with a
23 community college district.

24 F. If the levy is approved by the voters for purposes of reimbursement
25 pursuant to section 15-1469, the maximum amount of taxes that the board may
26 levy for any year in which the authority is in effect is the amount of
27 reimbursement pursuant to section 15-1469, subsection B, paragraph 1 and any
28 portion of the reimbursement as specified in the resolution pursuant to
29 subsection D, paragraphs 5 and 6 of this section as approved by the board of
30 supervisors.

31 G. The board of supervisors shall levy the tax in the same manner as
32 county property taxes as provided in section 42-17151. If an unexpended
33 balance of the monies collected pursuant to this section remains after
34 satisfying the requirements of subsection E of this section, the board shall
35 use the balance to reduce the community college levy under this section in
36 the following year. If the balance exceeds the requirements for the
37 following year, the board shall use the balance to reduce any other property
38 tax authorized by law to be collected by the county.

39 H. The amounts collected pursuant to this section:

40 1. Shall not be included in the levy limitation pursuant to section
41 42-17051 for any subsequent year.

42 2. Shall be collected from a levy of secondary property taxes.

43 3. Except as provided in this section, are exempt pursuant to article
44 IX, section 19, subsection (5), Constitution of Arizona, from levy
45 limitations.

1 Sec. 31. Section 43-1011, Arizona Revised Statutes, is amended to
2 read:

3 43-1011. Taxes and tax rates

4 There shall be levied, collected and paid for each taxable year upon
5 the entire taxable income of every resident of this state and upon the entire
6 taxable income of every nonresident which is derived from sources within this
7 state taxes determined in the following manner:

8 1. For taxable years beginning from and after December 31, 1996
9 through December 31, 1997:

10 (a) In the case of a single person or a married person filing
11 separately:

12 If taxable income is: The tax is:

13 \$0 - \$10,000	2.90% of taxable income
14 \$10,001 - \$25,000	\$290, plus 3.30% of the excess over \$10,000
15 \$25,001 - \$50,000	\$785, plus 3.90% of the excess over \$25,000
16 \$50,001 - \$150,000	\$1,760, plus 4.80% of the excess over \$50,000
17 \$150,001 and over	\$6,560, plus 5.17% of the excess over \$150,000

18 (b) In the case of a married couple filing a joint return or a single
19 person who is a head of a household:

20 If taxable income is: The tax is:

21 \$0 - \$20,000	2.90% of taxable income
22 \$20,001 - \$50,000	\$580, plus 3.30% of the excess over \$20,000
23 \$50,001 - \$100,000	\$1,570, plus 3.90% of the excess over \$50,000
24 \$100,001 - \$300,000	\$3,520, plus 4.80% of the excess over \$100,000
25 \$300,001 and over	\$13,120, plus 5.17% of the excess over \$300,000

26 2. For taxable years beginning from and after December 31, 1997
27 through December 31, 1998:

28 (a) In the case of a single person or a married person filing
29 separately:

30 If taxable income is: The tax is:

31 \$0 - \$10,000	2.88% of taxable income
32 \$10,001 - \$25,000	\$288, plus 3.24% of the excess over \$10,000
33 \$25,001 - \$50,000	\$774, plus 3.82% of the excess over \$25,000
34 \$50,001 - \$150,000	\$1,729, plus 4.74% of the excess over \$50,000
35 \$150,001 and over	\$6,469, plus 5.10% of the excess over \$150,000

36 (b) In the case of a married couple filing a joint return or a single
37 person who is a head of a household:

38 If taxable income is: The tax is:

39 \$0 - \$20,000	2.88% of taxable income
40 \$20,001 - \$50,000	\$576, plus 3.24% of the excess over \$20,000
41 \$50,001 - \$100,000	\$1,548, plus 3.82% of the excess over \$50,000
42 \$100,001 - \$300,000	\$3,458, plus 4.74% of the excess over \$100,000
43 \$300,001 and over	\$12,938, plus 5.10% of the excess over \$300,000

44 3. For taxable years beginning from and after December 31, 1998
45 THROUGH DECEMBER 31, 2005:

(a) In the case of a single person or a married person filing separately:

If taxable income is: The tax is:

\$0 - \$10,000	2.87% of taxable income
\$10,001 - \$25,000	\$287, plus 3.20% of the excess over \$10,000
\$25,001 - \$50,000	\$767, plus 3.74% of the excess over \$25,000
\$50,001 - \$150,000	\$1,702, plus 4.72% of the excess over \$50,000
\$150,001 and over	\$6,422, plus 5.04% of the excess over \$150,000

(b) In the case of a married couple filing a joint return or a single person who is a head of a household:

If taxable income is: The tax is:

\$0 - \$20,000	2.87% of taxable income
\$20,001 - \$50,000	\$574, plus 3.20% of the excess over \$20,000
\$50,001 - \$100,000	\$1,534, plus 3.74% of the excess over \$50,000
\$100,001 - \$300,000	\$3,404, plus 4.72% of the excess over \$100,000
\$300,001 and over	\$12,844, plus 5.04% of the excess over \$300,000

4. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005 THROUGH DECEMBER 31, 2006:

(a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY:

IF TAXABLE INCOME IS: THE TAX IS:

\$0 - \$10,000	2.73% OF TAXABLE INCOME
\$10,001 - \$25,000	\$273, PLUS 3.04% OF THE EXCESS OVER \$10,000
\$25,001 - \$50,000	\$729, PLUS 3.55% OF THE EXCESS OVER \$25,000
\$50,001 - \$150,000	\$1,617, PLUS 4.48% OF THE EXCESS OVER \$50,000
\$150,001 AND OVER	\$6,097, PLUS 4.79% OF THE EXCESS OVER \$150,000

(b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:

IF TAXABLE INCOME IS: THE TAX IS:

\$0 - \$20,000	2.73% OF TAXABLE INCOME
\$20,001 - \$50,000	\$546, PLUS 3.04% OF THE EXCESS OVER \$20,000
\$50,001 - \$100,000	\$1,458, PLUS 3.55% OF THE EXCESS OVER \$50,000
\$100,001 - \$300,000	\$3,233, PLUS 4.48% OF THE EXCESS OVER \$100,000
\$300,001 AND OVER	\$12,193, PLUS 4.79% OF THE EXCESS OVER \$300,000

5. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006:

(a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY:

IF TAXABLE INCOME IS: THE TAX IS:

\$0 - \$10,000	2.59% OF TAXABLE INCOME
\$10,001 - \$25,000	\$259, PLUS 2.88% OF THE EXCESS OVER \$10,000
\$25,001 - \$50,000	\$691, PLUS 3.36% OF THE EXCESS OVER \$25,000
\$50,001 - \$150,000	\$1,531, PLUS 4.24% OF THE EXCESS OVER \$50,000
\$150,001 AND OVER	\$5,771, PLUS 4.54% OF THE EXCESS OVER \$150,000

(b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD:

1 IF TAXABLE INCOME IS: THE TAX IS:

2 \$0 - \$20,000 2.59% OF TAXABLE INCOME

3 \$20,001 - \$50,000 \$518, PLUS 2.88% OF THE EXCESS OVER \$20,000

4 \$50,001 - \$100,000 \$1,382, PLUS 3.36% OF THE EXCESS OVER \$50,000

5 \$100,001 - \$300,000 \$3,062, PLUS 4.24% OF THE EXCESS OVER \$100,000

6 \$300,001 AND OVER \$11,542, PLUS 4.54% OF THE EXCESS OVER \$300,000

7 Sec. 32. Section 43-1183, Arizona Revised Statutes, as added by Laws
8 2006, chapter 14, section 5, is amended to read:

9 43-1183. Credit for contributions to school tuition
10 organization; definitions

11 A. Beginning from and after June 30, 2006 through June 30, 2011, a
12 credit is allowed against the taxes imposed by this title for the amount of
13 voluntary cash contributions made by the taxpayer during the taxable year to
14 a school tuition organization.

15 ~~B. The amount of the credit is the total amount of the taxpayer's~~
16 ~~contributions for the taxable year under subsection A of this section and is~~
17 ~~preapproved by the department pursuant to subsection D of this section.~~

18 ~~C. The department:~~

19 B. THE AMOUNT OF THE CREDIT IS:

20 1. THE FULL AMOUNT OF THE CONTRIBUTION IF THE TOTAL AMOUNT OF THE
21 TAXPAYER'S CONTRIBUTIONS FOR THE TAXABLE YEAR IS LESS THAN ONE THOUSAND
22 DOLLARS.

23 2. IF THE TOTAL AMOUNT OF THE TAXPAYER'S CONTRIBUTIONS FOR THE TAXABLE
24 YEAR IS ONE THOUSAND DOLLARS OR MORE, AN AMOUNT THAT IS PREAPPROVED BY THE
25 DEPARTMENT. FOR THE PURPOSES OF THIS PARAGRAPH ONLY, THE DEPARTMENT:

26 ~~1-~~ (a) Shall not allow tax credits ~~under this section~~ THAT ARE
27 SUBJECT TO THIS PARAGRAPH that exceed in the aggregate, a combined total of
28 ~~five~~ TEN million dollars in any fiscal year.

29 ~~2-~~ (b) Shall preapprove tax credits subject to subsection ~~D~~ C of
30 this section.

31 ~~3-~~ (c) Shall allow the tax credits on a first come, first served
32 basis.

33 ~~D-~~ C. ONLY for the purposes of subsection ~~E~~ B, paragraph 2 of this
34 section, before making a contribution to a school tuition organization, the
35 taxpayer shall notify the school tuition organization of the total amount of
36 contributions that the taxpayer intends to make to the school tuition
37 organization. Before accepting the contribution, the school tuition
38 organization shall request preapproval from the department for the taxpayer's
39 intended contribution amount. The department shall preapprove or deny the
40 requested amount within twenty days after receiving the request from the
41 school tuition organization. If the department preapproves the request, the
42 school tuition organization shall immediately notify the taxpayer that the
43 requested amount was preapproved by the department. In order to receive a
44 tax credit under this subsection, the taxpayer shall make the contribution to
45 the school tuition organization within ten days after receiving notice from

1 the school tuition organization that the requested amount was preapproved.
 2 If the school tuition organization does not receive the preapproved
 3 contribution from the taxpayer within the required ten days, the school
 4 tuition organization shall immediately notify the department and the
 5 department shall no longer include this preapproved contribution amount when
 6 calculating the limit prescribed in subsection ~~C~~ B, paragraph ~~1~~ 2,
 7 SUBDIVISION (a) of this section.

8 ~~F~~ D. A school tuition organization that receives contributions under
 9 this section shall allow the department to verify that the educational
 10 scholarships and tuition grants that are issued pursuant to this section are
 11 awarded to students who attend a qualified school.

12 ~~F~~ E. If the allowable tax credit exceeds the taxes otherwise due
 13 under this title on the claimant's income, or if there are no taxes due under
 14 this title, the taxpayer may carry the amount of the claim not used to offset
 15 the taxes under this title forward for not more than five consecutive taxable
 16 years' income tax liability.

17 ~~G~~ F. Co-Owners of a Business, including corporate partners in a
 18 partnership, may each claim only the pro rata share of the credit allowed
 19 under this section based on the ownership interest. The total of the credits
 20 allowed all such owners may not exceed the amount that would have been
 21 allowed a sole owner.

22 ~~H~~ G. The credit allowed by this section is in lieu of any deduction
 23 pursuant to section 170 of the internal revenue code and taken for state tax
 24 purposes.

25 ~~I~~ H. The tax credit is not allowed if the taxpayer designates the
 26 taxpayer's contribution to the school tuition organization for the direct
 27 benefit of any specific student.

28 ~~J~~ I. A school tuition organization that receives contributions under
 29 this section shall use at least ninety per cent of those contributions to
 30 provide educational scholarships or tuition grants only to children whose
 31 family income does not exceed one hundred eighty-five per cent of the income
 32 limit required to qualify a child for reduced price lunches under the
 33 national school lunch and child nutrition acts (42 United States Code
 34 sections 1751 through 1785) and who either:

35 1. Attended a governmental primary or secondary school as a full-time
 36 student as defined in section 15-901 for at least the first one hundred days
 37 of the prior fiscal year and transferred from a governmental primary or
 38 secondary school to a qualified school.

39 2. Enroll in a qualified school in a kindergarten program.

40 3. Received an educational scholarship or tuition grant under
 41 paragraph 1 or 2 of this subsection if the children continue to attend a
 42 qualified school in a subsequent year.

43 ~~K~~ J. In 2006, a school tuition organization shall not issue an
 44 educational scholarship or a tuition grant in an amount that exceeds four
 45 thousand two hundred dollars for students in a kindergarten program or grades

one through eight or five thousand five hundred dollars for students in grades nine through twelve. In each year after 2006, the limitation amount for a scholarship or a grant under this subsection shall be increased by one hundred dollars.

~~L.~~ K. A child is still eligible to receive an educational scholarship or tuition grant under subsection ~~J~~ I of this section if the child meets the criteria to receive a reduced price lunch but does not actually claim that benefit.

~~M.~~ L. The school tuition organization shall require that the children use the educational scholarships or tuition grants on a full-time basis. If a child leaves the qualified school before completing an entire school year, the qualified school shall refund a prorated amount of the educational scholarship or tuition grant to the School tuition organization that issued the educational scholarship or tuition grant to the child. Any refunds received by the school tuition organization under this subsection shall be allocated for educational scholarships or tuition grants to qualified children in the following year.

~~N.~~ M. Children who receive educational scholarships or tuition grants under this section shall be allowed to attend any qualified school of their parents' choice.

~~O.~~ N. A school tuition organization that receives a voluntary cash contribution pursuant to subsection A of this section shall report to the department, in a form prescribed by the department, by June 30 of each year the following information:

1. The name, address and contact name of the school tuition organization.

2. The total number of contributions received during the previous calendar year.

3. The total dollar amount of contributions received during the previous calendar year.

4. The total number of children awarded educational scholarships or tuition grants during the previous calendar year.

5. The total dollar amount of educational scholarships and tuition grants awarded during the previous calendar year.

6. For each school to which educational scholarships or tuition grants were awarded:

(a) The name and address of the school.

(b) The number of educational scholarships and tuition grants awarded during the previous calendar year.

(c) The total dollar amount of educational scholarships and tuition grants awarded during the previous calendar year.

7. Verification that an independent review of financial statements according to generally accepted accounting principles was completed by a certified public accountant for the previous calendar year.

1 ~~P.~~ 0. The department shall adopt rules necessary for the
2 administration of this section.

3 ~~P.~~ P. For the purposes of this section:

4 1. "Qualified school" means a nongovernmental primary school or
5 secondary school:

6 (a) That is located in this state, that does not discriminate on the
7 basis of race, color, handicap, familial status or national origin and that
8 satisfies the requirements prescribed by law for private schools in this
9 state on January 1, 2005.

10 (b) That annually administers and makes available to the public the
11 aggregate test scores of its students on a nationally standardized
12 norm-referenced achievement test, preferably the Arizona instrument to
13 measure standards test administered pursuant to section 15-741.

14 (c) That requires all teaching staff and any personnel that have
15 unsupervised contact with students to be fingerprinted.

16 2. "School tuition organization" means a charitable organization in
17 this state that both:

18 (a) Is exempt from federal taxation under section 501(c)(3) of the
19 internal revenue code and that allocates ninety per cent of its annual
20 revenue for educational scholarships or tuition grants to children to allow
21 them to attend any qualified school of their parents' choice.

22 (b) Provides educational scholarships or tuition grants to students
23 without limiting availability to only students of one school.

24 Sec. 33. Section 48-707, Arizona Revised Statutes, as amended by Laws
25 2006, chapter 132, section 2, is amended to read:

26 48-707. Notice and conduct of elections; waiver

27 A. Any election under this article shall be a nonpartisan election
28 called by posting notices in three public places within the boundaries of the
29 district not less than twenty days before the election. Notice shall also be
30 published in a newspaper of general circulation in the municipality or county
31 or if there is no newspaper so circulated in the municipality in a newspaper
32 of general circulation in the county in which the municipality is located
33 once a week for two consecutive weeks before the election. The notice shall
34 state:

35 1. The place of holding the election.

36 2. The hours during the day, not less than six, in which the polls
37 will be open.

38 3. If it is a formation election, the boundaries of the proposed
39 district.

40 4. If it is a bond election, the amount of bonds to be authorized for
41 the district, the maximum rate of interest to be borne on the bonds, the
42 maximum term of the bonds, not exceeding twenty-five years, and the purposes
43 for which the monies raised will be used.

44 5. If it is an ad valorem tax levy election pursuant to section
45 48-723, the maximum tax rate per one hundred dollars of assessed valuation to

1 be imposed, the purposes for which the monies raised will be used and the
2 existing maximum tax rate, if any.

3 6. That a general plan is on file with the clerk.

4 B. The district board or the governing body, as applicable, shall
5 determine the date of the election and the polling places for the election
6 and may consolidate county precincts. IF IT S BOND ELECTION OR AN AD VALOREM
7 TAX LEVY ELECTION PURSUANT TO SECTION 48-723, THE ELECTION SHALL BE HELD ON
8 THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY
9 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). For other than a
10 formation election pursuant to section 48-705, subsection B, and an election
11 held pursuant to subsection G of this section, precinct registers shall be
12 used. The county recorder shall submit precinct registers on the request of
13 the clerk, and if the district includes land lying partly in and partly out
14 of any county election precinct, the precinct registers may contain the names
15 of all registered voters in the precinct and the election boards at those
16 precincts shall require that a prospective elector execute an affidavit
17 stating that the elector is also a qualified elector of the district. For
18 formation elections and elections held pursuant to subsection G of this
19 section, a prospective elector shall execute an affidavit stating that the
20 elector is the owner of land in the proposed district and is a qualified
21 elector of this state or otherwise qualified to vote pursuant to section
22 48-3043 and stating the area of land in acres owned by the elector. Election
23 board members may administer oaths or take all affirmations for these
24 purposes. A community facilities district election held pursuant to this
25 article is not subject to title 16, chapter 2, article 3.

26 C. Except as otherwise provided by this article, the election shall
27 comply with the general election laws of this state, except that the words to
28 appear on the ballots shall be for a formation election "district, yes" and
29 "district, no", for a bond election "bonds, yes" and "bonds, no", for a tax
30 election if no tax is in place "tax, yes" and "tax, no" and for a tax
31 election to change an existing maximum or eliminate an existing tax "tax
32 change, yes" and "tax change, no". The returns of election shall be made to
33 the governing body or, if after formation, to the district board.

34 D. Within fourteen days after an election, the governing body, or if
35 after formation, the district board, shall meet and canvass the returns, and
36 if a majority of the votes cast at the election is in favor of formation,
37 issuing the bonds, imposing the tax or changing the tax, the governing body
38 or the district board, as appropriate, shall enter that fact on its
39 minutes. The canvass may be continued from time to time. Failure of a
40 majority to vote in favor of the matter submitted does not prejudice the
41 submission of the same or similar matters at a later election.

42 E. If a person listed on the assessment roll is no longer the owner of
43 land in the district and the name of the successor owner becomes known and is
44 verified by recorded deed or other similar evidence of transfer of ownership,

1 the successor owner is deemed to be the owner for the purposes of this
2 article.

3 F. Notwithstanding any other provision of this article, if a petition
4 for formation is signed by owners of all of the land in the district
5 described in the petition and is approved by the municipality or county, the
6 municipality or county may waive any or all requirements of posting,
7 publication, mailing, notice, hearing and landowner election. On receipt of
8 such a petition, and after approval by an election of resident electors, if
9 any, the municipality or county shall declare the district formed without
10 being required to comply with the provisions of this article for posting,
11 publication, mailing, notice, hearing or landowner election.

12 G. Notwithstanding any other provision of this article, if no person
13 has registered to vote within the district within fifty days immediately
14 preceding any scheduled election date, any election required to be held
15 pursuant to this article shall be held with the vote by the owners of land
16 within the district who are qualified electors of this state and other
17 landowners according to section 48-3043. Each owner has the number of votes
18 or portion of votes equal to the number of acres or portion of acres rounded
19 upward to the nearest one-fifth of an acre owned in the district by that
20 person.

21 H. For a district that is proposed to be formed by a county, a
22 district may be formed only if a petition for formation is signed by the
23 owners of all of the land in the district that is described in the petition
24 and if it is approved by the county. If the district is proposed to be
25 formed in a county island, as defined in section 11-251.12, in existence on
26 the effective date of this amendment to this section, the petition must be
27 signed by the owners of all of the land in the district that is described in
28 the petition and the district must be approved by the county and by the
29 municipality or BY all municipalities that form the county island. If the
30 petition is signed by the owners of all of the land in the district, the
31 county may waive any or all requirements of posting, publication, mailing,
32 notice, hearing and landowner election. On receipt of such a petition, and
33 after APPROVAL by an election of one hundred per cent of the resident
34 electors, if any, the county shall declare the district formed without being
35 required to comply with the provisions of this article for posting.

36 Sec. 34. Section 48-719, Arizona Revised Statutes, as amended by Laws
37 2006, chapter 132, section 5, is amended to read:

38 48-719. General obligation bonds; tax levy; exception

39 A. At any time after the hearing on formation of the district, the
40 district board, or, if before formation, the governing body, may from time to
41 time order and call a general obligation bond election to submit to the
42 qualified electors of the district or to those persons who are qualified to
43 vote pursuant to section 48-707, subsection G the question of authorizing the
44 district board to issue general obligation bonds of the district to provide
45 monies for any public infrastructure purposes consistent with the general

1 plan. The election may be ~~held in conjunction~~ COMBINED with the formation
2 election, BUT MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
3 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,
4 SUBDIVISION (d).

5 B. If general obligation bonds are approved at an election, the
6 district board may issue and sell general obligation bonds of the district.

7 C. If the bonds are to be sold in a public offering, no bonds may be
8 issued by the district unless the bonds receive one of the four highest
9 investment grade ratings by a nationally recognized bond rating agency.

10 D. The district may issue and sell refunding bonds to refund any
11 general obligation bonds of the district. If general obligation bonds are
12 issued to refund any general obligation bonds of the district no election on
13 the issuance of such refunding bonds is required.

14 E. After the bonds are issued, the district board shall enter in its
15 minutes a record of the bonds sold and their numbers and dates and shall
16 annually levy and cause an ad valorem tax to be collected, at the same time
17 and in the same manner as other taxes are levied and collected on all taxable
18 property in the district, sufficient, together with any monies from the
19 sources described in section 48-717, to pay debt service on the bonds when
20 due. Monies derived from the levy of the tax provided in this section when
21 collected constitute funds to pay the debt service on the bonds and shall be
22 kept separately from other funds of the district.

23 Sec. 35. Section 48-723, Arizona Revised Statutes, is amended to read:

24 48-723. District taxes; annual financial estimate and budget

25 A. Except as provided in subsection D of this section and at any time
26 after the hearing on formation of the district, the district board, or, if
27 before formation, the governing body, may call an election to submit to the
28 qualified electors of the district or to the persons qualified to vote
29 pursuant to section 48-707, subsection G the question of authorizing the
30 district board to levy an ad valorem tax on the assessed value of all the
31 real and personal property in the district at a rate or rates which do not
32 exceed the maximum rate or rates specified in the ballot. All taxes
33 attributable to the operation and maintenance expenses of the district,
34 excluding expenses for an area described in section 48-709, subsection G,
35 shall not exceed an amount equal to thirty cents per one hundred dollars of
36 assessed valuation for all real and personal property in the district, unless
37 a higher rate is approved by a vote of the electors of the district, or by
38 the persons who are qualified to vote as provided in section 48-707,
39 subsection G, voting at an election not less than three years after the date
40 of the formation of the district. The election may be ~~held in conjunction~~
41 COMBINED with the formation election, BUT MUST BE HELD ON THE FIRST TUESDAY
42 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,
43 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). Once approved at an election,
44 the maximum rate remains in effect until increased or decreased at a
45 subsequent election. If a maximum rate is in effect, the district board, on

1 petition of twenty-five per cent of the qualified electors of the district,
2 or by those persons owning twenty-five per cent of the land area who are
3 qualified to vote pursuant to section 48-707, subsection G, shall call an
4 election to reduce the maximum tax rate but not below the lesser of that rate
5 determined by the district board to be necessary to maintain the district's
6 facilities and improvements or the actual rate then in effect. On the
7 presentation to the district board of a petition signed by the owners of a
8 majority of the property in the district, the district board shall adopt a
9 resolution to reduce or eliminate the portion of the tax, beginning the next
10 fiscal year, required for one or more enhanced municipal services specified
11 in the petition. Signatures on a petition to reduce or eliminate a tax are
12 valid for a period of sixty days.

13 B. The district may not levy, other than for the payment of debt
14 service on general obligation bonds, at a rate or rates in excess of the
15 maximum rate then in effect.

16 C. When levying an ad valorem tax, the district board shall make
17 annual statements and estimates of the operation and maintenance expenses of
18 the district, the costs of capital improvements to be financed by the tax
19 levy or levies and the amount of all other expenditures for public
20 infrastructure and enhanced municipal services proposed to be paid from the
21 tax levy or levies and of the amount to be raised to pay general obligation
22 bonds of the district, all of which shall be provided for by the levy and
23 collection of ad valorem taxes on the assessed value of all the real and
24 personal property in the district. The district board shall file the annual
25 statements and estimates with the clerk. The district board shall publish a
26 notice of the filing of the estimate, shall hold hearings on the portions of
27 the estimate not relating to debt service on general obligation bonds and
28 shall adopt a budget. The board, on or before the date set by law for
29 certifying the annual budget of the county or municipality, shall fix, levy
30 and assess the amounts to be raised by ad valorem taxes of the district and
31 shall cause certified copies of the order to be delivered to the board of
32 supervisors and to the department of revenue. All statutes relating to the
33 levy and collection of general county taxes, including the collection of
34 delinquent taxes and sale of property for nonpayment of taxes, apply to the
35 district taxes provided for by this section.

36 Sec. 36. Section 48-1037, Arizona Revised Statutes, is amended to
37 read:

38 48-1037. Notice and conduct of elections; waiver

39 A. Any election under this article shall be called by posting notices
40 in three public places within the boundaries of the district not less than
41 twenty days before the election. Notice shall also be published in a
42 newspaper of general circulation in the county once a week for two
43 consecutive weeks before the election. The notice shall state:

- 44 1. The place of holding the election.

2. The hours during the day, not less than six, when the polls will be open.

3. If it is a formation election, the boundaries of the proposed district.

4. If it is a bond election, the amount of bonds to be authorized for the district, the maximum rate of interest to be borne on the bonds, the maximum term of the bonds, not exceeding thirty years, and the purposes for which the monies raised will be used.

B. A BOND ELECTION UNDER THIS SECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

~~B.~~ C. The district board or the board of supervisors, as applicable, shall determine the polling places for the election and may consolidate county precincts. For other than a formation election, precinct registers shall be used. The county recorder shall submit precinct registers on the request of the clerk, and if the district includes land lying partly in and partly out of any county election precinct, the precinct registers may contain the names of all registered voters in the precinct and the election boards at such precincts shall require that a prospective elector execute an affidavit stating that he is also a qualified elector of the district. For formation elections a prospective elector shall execute an affidavit stating that he is the owner of land in the district, is a qualified elector of this state and stating the area of land in acres owned by the elector. Election board members may give oaths or take all affirmations for these purposes.

~~C.~~ D. Except as otherwise provided by this article, the election shall comply with the general election laws of this state, except that the words to appear on the ballots shall be for a formation election "district, yes" and "district, no" or for a bond election "bonds, yes" and "bonds, no". The returns of election shall be made to the district board.

~~D.~~ E. On the seventh day after the election or within seven days of the election, the board of supervisors, or if after formation, the district board, shall meet and canvass the returns, and if a majority of the votes cast at the election is in favor of formation or issuing the bonds, the board shall enter that fact on its minutes. The board may continue the canvass from time to time.

~~E.~~ F. Notwithstanding any other provision of this article, a petition for formation signed by owners of all of the land in the district described and approved by the ~~county~~ BOARD OF SUPERVISORS waives any requirements of posting, publication, mailing, notice, hearing and election. On receipt of such a petition, the ~~county~~ BOARD OF SUPERVISORS shall declare the district formed without being required to comply with ~~the provisions of~~ this article for posting, publication, mailing, notice, hearing or election.

1 Sec. 37. Section 48-1045, Arizona Revised Statutes, is amended to
2 read:

3 48-1045. General obligation bonds

4 A. At any time after the hearing on formation of the district, the
5 district board, or if before formation, the board of supervisors, may order
6 and call a general obligation bond election to submit to the qualified
7 electors of the district the question of authorizing the district board to
8 issue general obligation bonds of the district to provide monies for any
9 rural road improvements. The election may be ~~held in conjunction~~ COMBINED
10 with the formation election, BUT MUST BE HELD ON THE FIRST TUESDAY FOLLOWING
11 THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,
12 PARAGRAPH 1, SUBDIVISION (d).

13 B. The district shall not issue bonds which would cause the aggregate
14 principal amount of bonds outstanding to exceed twenty-five per cent of the
15 full cash value of real property in the district on the date of issue.

16 C. If general obligation bonds are approved at an election, the
17 district board may issue and sell general obligation bonds of the district.

18 D. The district board may issue and sell general obligation refunding
19 bonds to refund any general obligation bonds of the district. No election on
20 the issuance of such refunding bonds is required.

21 Sec. 38. Section 48-1409, Arizona Revised Statutes, is amended to
22 read:

23 48-1409. Conduct of election

24 A. The election shall be held, except as otherwise provided by this
25 article, in conformity with the general election laws of the state, except
26 that:

27 1. THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST
28 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH
29 1, SUBDIVISION (d).

30 2. The words to appear on the ballots shall be "bonds, yes. (),
31 "bonds, no. () ". ~~, and~~

32 3. The returns of election shall be made to the board of trustees of
33 the district.

34 B. On the seventh day after the election at 1:00 p.m., the board of
35 trustees shall meet and canvass the returns, and if a majority of the votes
36 cast at the election is in favor of issuing the bonds, then the board of
37 trustees shall make an entry of that fact upon their minutes, and certify to
38 the board of supervisors all proceedings had in the premises.

39 Sec. 39. Section 48-1413, Arizona Revised Statutes, is amended to
40 read:

41 48-1413. Dissolution of district

42 A. When a petition signed by twenty-five electors within a special
43 road district is presented to the board of supervisors of the county in which
44 the special road district is located, requesting the dissolution of the
45 district, the board ~~shall~~, within twenty days, SHALL call an election of the

1 electors within the special road district to vote for or against the
 2 dissolution of the district. An election may be called and a special road
 3 district may dissolve only if there is another governmental entity which will
 4 accept dedication of the roads in that special road district. The petition
 5 shall state its purpose clearly and concisely and shall be in the form and
 6 signed and verified as generally provided for initiative petitions.

7 B. Notice of the time, place and purpose of the election shall be
 8 posted, the election officers shall be appointed, the election shall be
 9 conducted, returned and canvassed, and the ballots shall be similar in form,
 10 as prescribed by this article for bond elections of a district, **EXCEPT THAT**
 11 **THE DATE REQUIREMENTS THAT APPLY TO BOND ELECTIONS DO NOT APPLY TO AN**
 12 **ELECTION ON THE DISSOLUTION OF THE DISTRICT.**

13 C. The board of trustees of a special road district by a vote of a
 14 majority of the board of trustees, or if a joint special road district, by a
 15 vote of a majority of its joint board, also may request the dissolution of
 16 the district.

17 D. If a majority of the votes cast at the election favors the
 18 dissolution, or if the board of trustees of the district requests it, the
 19 board of supervisors shall enter in its records an order declaring the
 20 dissolution of the district, and from that time the district ceases to exist,
 21 except that all real property and mobile homes in the district remain subject
 22 to taxation for all the bonds outstanding at the time of dissolution.

23 Sec. 40. Section 48-1416, Arizona Revised Statutes, is amended to
 24 read:

25 48-1416. Formation of overlay district; hearing; procedures;
 26 election

27 A. On request of the board of trustees of two or more contiguous
 28 special road districts, or two or more contiguous special road districts
 29 which comprise a joint special road district, the board of supervisors shall
 30 set a hearing on the creation of a new special road district overlaying the
 31 requesting districts. The proposed overlay district shall have boundaries
 32 coextensive with the exterior boundaries of the contiguous districts
 33 regardless of their shape or dimension, including any portion within any
 34 incorporated city or town.

35 B. Notice of the hearing shall be given by posting in four public
 36 places within the proposed district and by publication two times in a
 37 newspaper of general circulation in the proposed district.

38 C. Interested parties may file written objections with the clerk of
 39 the board of supervisors no later than five days before the date set for the
 40 hearing.

41 D. At the hearing, written and oral objections shall be heard and the
 42 board of supervisors shall rule on the objections. The hearing may be
 43 continued from time to time. If the board determines that the land within
 44 the districts will be benefited by the formation of the new district, it

1 shall order an election to be held in the proposed district. The
2 determination of the board is final and conclusive.

3 E. The election shall be called and conducted, notice shall be given
4 and the results shall be canvassed as provided in title 16, except that
5 sections 16-226 and 16-227 do not apply. ~~and~~ The election may be held on any
6 date set by the board of supervisors which is not less than thirty days after
7 the date the board of supervisors adopts the order, **EXCEPT THAT IF THE**
8 **ELECTION IS COMBINED WITH AN ELECTION ON THE SALE OF BONDS AS PROVIDED BY**
9 **SUBSECTION I OF THIS SECTION, THE ELECTION MUST BE HELD ON THE FIRST TUESDAY**
10 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**
11 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

12 F. If a majority of the qualified electors of the proposed district
13 voting at the election favors formation of an overlay district, the board of
14 supervisors shall order the formation of the overlay district.

15 G. If the formation of the overlay district is ordered the existing
16 districts shall be dissolved and cease to exist, except that all real
17 property and mobile homes within the dissolved districts remain subject to
18 taxation for all the bonds, debts or obligations outstanding at the time of
19 dissolution. All taxes levied and monies collected before dissolution shall
20 be credited to the overlay district except for those levied or collected to
21 pay bonds, debts and obligations of the dissolved districts outstanding at
22 the date of dissolution. The dissolved districts shall transfer to the
23 overlay district all other assets, including all other monies and the roads
24 and rights-of-way, of the dissolved districts, and the overlay district shall
25 assume the combined budget, operations and maintenance of the dissolved
26 districts.

27 H. The initial board of trustees of the overlay district shall be
28 comprised of the trustees of the dissolved districts who shall continue to
29 serve only until their respective existing terms are completed. At the first
30 annual trustee election after formation of the overlay district, only one
31 trustee shall be elected at large from the overlay district for a three year
32 term to replace all former trustees whose terms are expiring. At each of the
33 second and third annual trustee elections after formation, two trustees shall
34 be elected at large for three year terms to replace all former trustees whose
35 terms are expiring. Thereafter the district board shall consist of five
36 trustees, elected at large, serving staggered three year terms.

37 I. If requested by the boards of trustees of the districts requesting
38 the overlay district, the board of supervisors shall call, conduct and
39 canvass, on behalf of the overlay district, an election on the sale of bonds
40 by the overlay district to be held in conjunction with the election on
41 formation and as provided in subsection E of this section.

42 J. The formation of the overlay district and dissolution of the
43 previous districts become effective on a date set by the board of supervisors
44 which is no earlier than thirty days after the canvass of the formation
45 election.

1 K. A special road district formed pursuant to this section is subject
2 to this article as a special road district.

3 Sec. 41. Section 48-1612, Arizona Revised Statutes, is amended to
4 read:

5 48-1612. Election to authorize issuance of bonds

6 A. Upon receiving the report from the engineer provided by section
7 48-1611, the board of directors shall proceed to determine the amount of
8 money necessary to be raised and the character and extent of contract
9 obligations to be undertaken to carry into effect the adopted plans and
10 purposes, and shall forthwith call ~~a special~~ AN election at which shall be
11 submitted to the electors of the district possessing the qualifications
12 prescribed by this chapter the question of whether or not bonds of the
13 district shall be issued in the amount so determined. THE ELECTION MUST BE
14 HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS
15 PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

16 B. Notice of the election shall be given by posting notices in three
17 public places in each election precinct in the district for at least twenty
18 days, and by publication in a newspaper published in the county where the
19 office of the board of directors is maintained, once a week for at least
20 three consecutive weeks. The notice shall specify the time of holding the
21 election, the amount of bonds proposed to be issued and the maximum rate of
22 interest to be borne on the bonds.

23 C. The election shall be ~~held~~ CONDUCTED and the results thereof
24 determined and declared in all respects as nearly as possible in conformity
25 with article 3 of this chapter governing the election of directors. No
26 informalities in conducting the election shall invalidate the election if it
27 has been otherwise fairly conducted.

28 D. At the election the ballots shall contain the words "bonds - -yes"
29 and "bonds - -no". If the majority of the votes cast is "bonds - -
30 yes, ~~—~~" the board of directors shall cause a series of bonds in the amount
31 authorized to be prepared. If the majority of the votes cast is "bonds - -
32 no," the result of the election shall be so declared and entered of record.

33 E. When the board thereafter deems it for the best interest of the
34 district to issue bonds for district purposes and that the question of the
35 issuance thereof be submitted to the electors, the board shall adopt
36 resolutions to that effect and record them in its minutes, and the board may
37 thereupon submit the question to the electors in the same manner and with
38 like effect as at the previous election.

39 Sec. 42. Section 48-1615, Arizona Revised Statutes, is amended to
40 read:

41 48-1615. Issuance of additional bonds; priority of liens

42 A. When the money provided by the previous issue of bonds has become
43 exhausted by expenditures authorized by this chapter, ~~—~~ and it is necessary to
44 raise additional money for such purposes, additional bonds may be issued by
45 submitting the question ~~at a special election~~ to the qualified voters of the

1 district and by complying with the ~~provisions of~~ PROCEDURES PRESCRIBED BY
2 this article in respect to an original issue of bonds, but the lien for taxes
3 for the payment of the interest and the principal of any bond of a prior
4 issue shall be prior to the lien of any bond of a subsequent issue.

5 B. When the owner of land within the district for which title had not
6 been obtained at the time of previous issues of bonds obtains a patent or
7 title thereto, the board of directors may levy an assessment upon the land
8 for the owner's proportionate share of the taxes levied by the district to
9 pay the bonded indebtedness of the district.

10 Sec. 43. Section 48-1793, Arizona Revised Statutes, is amended to
11 read:

12 48-1793. Bond election; notice; terms of bonds

13 A. The board of directors, upon complying with sections 48-1791 and
14 48-1792, shall as soon as practicable call ~~a special~~ AN election at which
15 shall be submitted to the qualified electors of the district the question of
16 issuing negotiable bonds of the district in an amount necessary to carry out
17 the proposed general purposes of the district. THE ELECTION MUST BE HELD ON
18 THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY
19 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The bonds, if
20 voted, shall be sold at such times and in such amounts as the board of
21 directors deems advisable, which shall be determined only approximately in
22 the proceedings of the board, and shall so state in the notice of election.

23 B. The bonds shall run for such length of time as the board of
24 directors decides upon and submits to the electors, but for not more than
25 thirty years, and may provide for optional or progressive maturity in the
26 discretion of the board. Such facts shall be included in the notice of the
27 election. The bonds shall bear interest payable semiannually at the rate or
28 rates set by the accepted bid which shall not exceed the maximum rate set
29 forth in the notice of the election. The bonds may be made payable any place
30 in the United States that is agreeable to the board and the purchasers.

31 Sec. 44. Section 48-1907, Arizona Revised Statutes, is amended to
32 read:

33 48-1907. Powers of hospital district

34 A. A hospital district may:

35 1. Adopt and use a corporate seal.
36 2. Sue and be sued in all courts and places and in all actions and
37 proceedings.

38 3. Purchase, receive, have, take, hold, lease, use and enjoy property
39 of every kind and description within the limits of the district, and control,
40 dispose of, convey, encumber and create leasehold interests in such property
41 for the benefit of the district.

42 4. Administer trusts declared or created for the hospital district,
43 and receive by gift, devise or bequest and hold in trust or otherwise,
44 property located within the state or elsewhere and, when not otherwise
45 provided, dispose of such property for the benefit of the hospital district.

1 5. Provide for the operation and maintenance at a single location
 2 within the district of a hospital, urgent care center, combined hospital and
 3 ambulance service when authorized to do so pursuant to title 36, chapter
 4 21.1, article 2, or combined urgent care center and ambulance service, when
 5 authorized to do so pursuant to title 36, chapter 21.1, article 2, owned or
 6 operated by the district. If the hospital district provides for the
 7 operation of an ambulance service, ambulance services shall be provided to
 8 all areas within the district. An existing hospital district that is located
 9 in a county with a population of less than five hundred thousand persons and
 10 that is operating at a single location may expand to a second location if the
 11 board of directors of the hospital district finds at a public hearing on the
 12 matter that an additional location is reasonably necessary for the persons
 13 served by the district.

14 6. Impose a secondary property tax on all taxable property within the
 15 district for the purpose of funding the operation and maintenance of a
 16 hospital, urgent care center, combined hospital and ambulance service or
 17 combined urgent care center and ambulance service that is owned or operated
 18 by the district or to pay costs of an ambulance service contract entered into
 19 pursuant to this section. The amount of the levy necessary for the operation
 20 and maintenance of the ambulance service, if any, shall be separately stated
 21 in the levy. Prior to the initial imposition of such a tax a majority of the
 22 qualified electors ~~voting in a regular or special election~~ must approve such
 23 initial imposition. The continued imposition of such a tax must be approved
 24 by a majority of the qualified electors ~~voting in a regular or special~~
 25 ~~election~~ at least every five years from the date of the initial
 26 imposition. ELECTIONS UNDER THIS PARAGRAPH MUST BE HELD ON THE FIRST TUESDAY
 27 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,
 28 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

29 7. Contract with an existing hospital, ambulance service, city, town
 30 or fire district within the district to provide ambulance related
 31 services. If the district does contract for ambulance services, the district
 32 shall ensure that ambulance services are provided to all areas within the
 33 district. No such contract may provide for the use of aircraft.

34 B. The amount of a levy under subsection A, paragraph 6 shall not
 35 exceed the greater of:

36 1. Six hundred thousand dollars, adjusted annually from a 1989 base
 37 year according to the health services component of the metropolitan Phoenix
 38 consumer price index published by the bureau of business and economic
 39 research, college of business administration, Arizona state university, or
 40 its successor.

41 2. Ten per cent of the hospital's or urgent care center's total
 42 expenses for all purposes required or authorized by this chapter and incurred
 43 in the fiscal year ending immediately before the levy.

44 C. An existing hospital may be converted into an urgent care center by
 45 a vote of the board of directors of the district if the conversion is in the

1 best interests of the district. An existing urgent care center shall not be
2 converted into a hospital unless the hospital district is created pursuant to
3 section 48-261 and this chapter.

4 Sec. 45. Section 48-1912, Arizona Revised Statutes, is amended to
5 read:

6 48-1912. Bonds

7 A. Bonds may be issued by the hospital district for the purpose of
8 carrying out any of the provisions of this article. If the board of
9 directors determines that bonds should be issued, application shall be made
10 to the board of supervisors by the board, and the board of supervisors shall
11 submit to a vote of the real property ~~tax-paying~~ TAXPAYING electors residing
12 in the district the question in the manner provided by ~~article 3 of chapter~~
13 ~~3,~~ title 35, CHAPTER 3, ARTICLE 3, and if the majority of the electors voting
14 on the issue approve, the bonds shall be issued as provided by law.
15 ELECTIONS UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING
16 THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,
17 PARAGRAPH 1, SUBDIVISION (d).

18 B. Any bonds issued under this article may contain a provision
19 requiring the establishment of a reserve or reserves in an amount equal to
20 the requirements of principal and interest payments for the two years during
21 the life of the bonds requiring the largest amount of principal and interest
22 payments, and the district shall maintain the reserve during the life of the
23 bond issue for the purpose of protecting against any deficiency in rental
24 payments or tax collections. If it becomes necessary to withdraw funds from
25 the reserve to protect against any deficiency, the board of directors of the
26 district shall levy a tax on all the taxable property in the district
27 sufficient to maintain the reserve fund in an amount equal to the original
28 amount thereof. In making the levy for the payment of principal and interest
29 for the last year when the bonds mature, the board of directors shall take
30 into consideration the amount of money then in the reserve fund and shall
31 levy an amount sufficient to pay the principal and interest on the bonds,
32 less the amount then in the reserve fund.

33 Sec. 46. Section 48-2011.01, Arizona Revised Statutes, is amended to
34 read:

35 48-2011.01. Wastewater treatment facility and nonpoint source
36 projects; financial assistance loan repayment
37 agreements; definition

38 A. Notwithstanding any other law, a sanitary district may construct or
39 improve a wastewater treatment facility or nonpoint source project with
40 monies borrowed from or financial assistance provided by the water
41 infrastructure finance authority of Arizona.

42 B. To repay financial assistance from the water infrastructure finance
43 authority of Arizona, a sanitary district may enter into a financial
44 assistance loan repayment agreement with the authority. A financial
45 assistance loan repayment agreement is payable from any revenues otherwise

1 authorized by law to be used to pay long-term obligations including a special
2 assessment on a designated area that is levied and collected pursuant to
3 article 2 of this chapter.

4 C. The board of directors shall submit the question of entering and
5 performing a financial assistance loan repayment agreement to the qualified
6 electors ~~voting at a regular or special general election~~ in the
7 district. ELECTIONS UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY
8 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,
9 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). An election is not required if
10 voter approval has previously been obtained for substantially the same
11 project with another funding source or if the project is constructed with an
12 assessment levied against a designated area pursuant to article 2 of this
13 chapter. If a majority of the qualified electors voting on the question:

14 1. Approves, the board of directors may execute, deliver and perform
15 the financial assistance loan repayment agreement.

16 2. Disapproves, the board of directors shall not execute a financial
17 assistance loan repayment agreement.

18 D. A financial assistance loan repayment agreement entered into
19 pursuant to this section shall contain the covenants and conditions
20 pertaining to the construction of a wastewater treatment facility or nonpoint
21 source project and repayment of the loan as the water infrastructure finance
22 authority of Arizona deems proper. Financial assistance loan repayment
23 agreements may provide for the payment of interest on the unpaid principal
24 balance of such agreement at the rates established in the agreement. The
25 agreement may also provide for payment of the sanitary district's
26 proportionate share of the expenses of administering the clean water
27 revolving fund established by section 49-1221 and may provide that the
28 sanitary district pay financing and loan administration fees approved by the
29 water infrastructure finance authority. These costs may be included in the
30 levy or assessment amounts pledged to repay the financial
31 assistance. Districts are bound by and shall fully perform the loan
32 repayment agreements, and the agreements are incontestable after the loan is
33 funded by the water infrastructure finance authority of Arizona. The
34 sanitary district shall also agree to pay the authority's costs in issuing
35 bonds or otherwise borrowing to fund a loan.

36 E. A financial assistance loan repayment agreement under this section
37 does not create a debt of the sanitary district, and the authority shall not
38 require that payment of a loan agreement be made from other than those
39 sources permitted in subsection B of this section.

40 F. A sanitary district may employ or contract for the services of
41 attorneys, accountants, financial consultants and such other experts in their
42 field as deemed necessary to perform services with respect to the financial
43 assistance loan repayment agreement. Charges for these services may be
44 included in the assessment amounts pledged to repay the loan.

1 G. This section is supplemental and alternative to any other law under
 2 which a sanitary district may borrow money or issue bonds. This section
 3 shall not be construed as the exclusive authorization to enter into loan
 4 agreements with the authority.

5 H. Any financial assistance loan repayment agreement between the
 6 district and the water infrastructure finance authority of Arizona may be
 7 secured by unpaid assessments certified in the manner prescribed by section
 8 48-2067. The financial assistance loan repayment agreement may provide for
 9 different due dates for annual installments of principal, different interest
 10 payment dates, different dates of delinquency and different dates for holding
 11 sales of delinquent properties than otherwise provided for in article 2 of
 12 this chapter. The financial assistance loan repayment agreement may also
 13 provide for mailed notice to property owners in lieu of the publication
 14 requirement prescribed by ~~section~~ **SECTIONS** 48-2068 and ~~section~~ 48-2069.

15 I. A district may borrow additional monies or enter into additional
 16 financial assistance loan repayment agreements with the water infrastructure
 17 finance authority in an amount up to the amount approved pursuant to
 18 subsection C of this section less the amount that the district is obligated
 19 to repay to the water infrastructure finance authority pursuant to a
 20 financial assistance loan repayment agreement.

21 J. For **THE** purposes of this section, "nonpoint source project" has the
 22 same meaning prescribed in section 49-1201.

23 Sec. 47. Section 48-2020, Arizona Revised Statutes, is amended to
 24 read:

25 **48-2020. Bond election; subsequent bond election**

26 A. After approval of the survey or plan and report prepared under
 27 section 48-2015 the board of directors of the district shall submit to the
 28 qualified electors of the district, ~~at a special election called for that~~
 29 ~~purpose,~~ the proposition of incurring bonded indebtedness to obtain funds
 30 with which to acquire the property and perform the work set forth by the
 31 report. **AN ELECTION UNDER THIS SUBSECTION MUST BE HELD ON THE FIRST TUESDAY**
 32 **FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,**
 33 **SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).** The resolution calling the
 34 election shall set forth:

- 35 1. The purposes of the proposed indebtedness.
- 36 2. A reference to the report for particulars.
- 37 3. The amount of the proposed indebtedness.
- 38 4. The part of the principal to be paid each year.
- 39 5. The maximum rate of interest to be paid.
- 40 6. The date of the election.
- 41 7. The election precincts, polling places and election officers.

42 B. Notice of the election shall be given and the election shall be
 43 held in the manner prescribed by title 16.

44 C. If the proposition of issuing bonds fails to receive the requisite
 45 number of votes to authorize issuance of the bonds, the board of directors

1 may call another election on the question of issuing bonds under the terms of
2 this article, either for the same purposes or for any lawful purpose of the
3 district.

4 Sec. 48. Section 48-2214, Arizona Revised Statutes, is amended to
5 read:

6 48-2214. Bond election: subsequent bond election

7 A. After approval of the health service survey report the board of
8 directors of the district shall submit to the qualified electors of the
9 district, ~~at a special election called for that purpose,~~ the proposition of
10 incurring bonded indebtedness to obtain funds with which to acquire the
11 property and perform the work set forth by the report. ELECTIONS UNDER THIS
12 SUBSECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN
13 NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1,
14 SUBDIVISION (d). The resolution calling the election shall set forth:

15 1. The purposes of the proposed indebtedness.

16 2. A reference to the report for particulars.

17 3. The amount of the proposed indebtedness.

18 4. The maximum numbers of years for which the bonds may be
19 outstanding.

20 5. The maximum rate of interest to be paid.

21 6. The date of the election.

22 7. The election precincts and polling places.

23 B. The resolution shall be published once each week for three
24 successive weeks in a newspaper of general circulation in the district.

25 C. If the proposition of issuing bonds fails to receive a majority of
26 the votes cast at the election to authorize issuance of the bonds, the board
27 of directors ~~may~~, not less than six months after that election, MAY call
28 another election on the question of issuing bonds under the terms of this
29 article, either for the same purposes or for any lawful purpose of the
30 district.

31 D. No bond election shall take place until the board of directors has
32 demonstrated to the department that contractual arrangements have been made
33 for staff and a coordinating medical provider, as defined in section 36-2351,
34 and the department has certified to the board of directors and to the
35 organizing board that the above arrangements are sufficient to ensure that
36 ambulatory care services will be available to the district for a period of at
37 least one year of medical clinic operation.

38 Sec. 49. Section 48-2223, Arizona Revised Statutes, is amended to
39 read:

40 48-2223. Tax levy for current expenses

41 A. The board of directors of a health service district ~~may~~, at the
42 time of certifying the amount required for payment of principal and interest
43 on bonds, MAY certify to the board of supervisors the amount necessary to
44 maintain and operate the health service system of the district during the
45 ensuing year, and to defray all other expenses incidental to the exercise of

1 powers granted by this article, together with an estimate of the revenue
 2 which will be received from rentals and service charges. In that event, the
 3 board of supervisors ~~shall~~, at the time of levying county taxes, **SHALL** levy
 4 and cause to be collected in the manner prescribed by law for county taxes, a
 5 tax on real property within the health service district based on the current
 6 assessment roll, sufficient to pay the amount certified, less the amount
 7 estimated to be received from rentals and service charges. The levy for
 8 operational purposes shall not exceed seventy-five cents per one hundred
 9 dollars of assessed valuation except for a district that provides for
 10 ambulance service or a combined medical clinic and ambulance service as
 11 prescribed by section 48-2209.

12 B. The board of directors of a health service district may certify to
 13 the board of supervisors an amount to levy on all taxable property within the
 14 district for the purpose of funding the operation and maintenance of
 15 ambulance service or combined medical clinic and ambulance service that is
 16 owned or operated by the district or to pay the cost of an ambulance service
 17 contract entered into pursuant to section 48-2209. The amount of the levy
 18 necessary for the operation and maintenance of the ambulance service, if any,
 19 shall be separately stated in the levy. Before the initial imposition of
 20 such a tax, a majority of the qualified electors voting in ~~a regular or~~
 21 ~~special~~ **AN** election conducted in the same manner provided in section 48-2213
 22 must approve the initial imposition. **THE ELECTION MUST BE HELD ON THE FIRST**
 23 **TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-**
 24 **204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).** The levy under this
 25 subsection for operation of ambulance service pursuant to this subsection
 26 shall not exceed seventy-five cents per one hundred dollars of assessed
 27 valuation, or one hundred thousand dollars, whichever is less. The one
 28 hundred thousand dollar limit in this subsection shall be adjusted annually
 29 from a 1991 base year according to the health services component of the
 30 metropolitan Phoenix consumer price index published by the bureau of business
 31 and economic research, college of business administration, Arizona state
 32 university or its successor.

33 C. The tax, when collected, shall be paid into the county treasury to
 34 the credit of the operating fund of the district, and the board of directors
 35 may order expenditure of the fund for the purposes for which
 36 levied. Payments from the operating fund shall be made upon claims allowed
 37 by the board of directors, ~~—~~ prepared, presented and audited in the same
 38 manner as claims against the county.

39 D. Not less than twenty nor more than thirty days prior to making the
 40 certification to the board of supervisors provided by subsections A and B of
 41 this section, the board of directors shall publish in a newspaper of general
 42 circulation in the district an itemized statement of the amounts proposed to
 43 be certified, and the statement shall contain notice of a meeting to be held
 44 by the board of directors prior to the time for the certification. At that

1 meeting, any owner of real property within the district may appear and
2 present objections to any item of the amount proposed to be certified.

3 E. If a district lies in more than one county the amount necessary to
4 maintain and operate the health service system of the district during the
5 ensuing year shall be apportioned and the tax levied and collected in the
6 same manner as established in section 48-2220, subsection E.

7 Sec. 50. Section 48-2442, Arizona Revised Statutes, is amended to
8 read:

9 48-2442. Bond election; results

10 A. Upon determining the amount of money necessary to be raised for any
11 or all of the purposes set forth in section 48-2441, the board of directors
12 shall immediately call ~~a special~~ AN election at which shall be submitted to
13 the electors of the district the question of whether or not the bonds of the
14 district shall be issued in the amount so determined. **THE ELECTION MUST BE
15 HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY
16 SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

17 B. Notice of the election shall be given by posting notice thereof in
18 three public places in each election precinct of the district, or if the
19 district is not divided into divisions, in three public places in the
20 district, for at least twenty days, and by publication of the notice in a
21 newspaper published in the county in which the office of the board of
22 directors of the district is located, once a week for at least two successive
23 weeks. The notice shall specify the time of holding the election, the amount
24 of bonds proposed to be issued, the maximum rate of interest to be borne on
25 the bonds and the denominations thereof.

26 C. **EXCEPT AS OTHERWISE PROVIDED,** the election shall be held and the
27 results thereof determined and declared in all respects as nearly as
28 practicable in conformity with the provisions of article 4 of this chapter
29 governing the election of directors. No informality in conducting the
30 election shall invalidate the election if it has been otherwise fairly
31 conducted.

32 D. At the election the ballots shall contain the words "bonds - -yes"
33 and "bonds - -no." If a majority of the votes cast at the election is "bonds
34 - -yes", the board of directors shall cause the bonds to be issued. If a
35 majority of the votes cast is "bonds - -no," the result of the election shall
36 be declared by the board of directors and entered on its record, and at any
37 time thereafter when a petition signed by one-fourth or more of the qualified
38 electors of the district is presented to the board of directors, the board
39 shall record such presentation in its minutes, and shall thereupon again
40 submit such question to the electors of the district in the same manner and
41 with like effect as at the previous election.

1 Sec. 51. Section 48-2635, Arizona Revised Statutes, is amended to
2 read:

3 48-2635. Notice of petition and hearing

4 A. The secretary of the board of directors shall cause notice of
5 filing of the petition to be given and published in the same manner and for
6 the same time that notice of ~~special~~ elections for the issuance of bonds is
7 required to be published under ~~the provisions of~~ this chapter.

8 B. The notice shall set forth the filing of the petition and the names
9 of petitioners, a description of the lands mentioned in the petition, and the
10 prayer of the petition. The notice shall inform all persons interested in,
11 or who may be affected by the change of boundaries of the district, to appear
12 at the office of the board at the time stated in the notice and show cause in
13 writing why the change in the boundaries of the district as proposed in the
14 petition should not be made. The time to be specified in the notice for
15 showing cause shall be the next regular meeting of the board after expiration
16 of the time required for publication of the notice.

17 Sec. 52. Section 48-2708, Arizona Revised Statutes, is amended to
18 read:

19 48-2708. Levy of special assessment; election; collection;
20 disbursement

21 A. The board of directors ~~may~~, when it deems it advisable, ~~MAY~~ call a
22 ~~special~~ AN election, ~~and~~ submit to the qualified electors of the district
23 the question of whether or not a special assessment shall be levied for the
24 purpose of raising money to be applied to any of the purposes provided in
25 this chapter.

26 B. The election shall be called, held and the result thereof
27 determined and declared in all respects in conformity with ~~the provisions of~~
28 section 48-2751. The notice of the election shall specify the amount of
29 money proposed to be raised and the purpose for which it is intended to be
30 used. The ballots shall contain the words, "assessment - -yes" and
31 "assessment - -no." If a majority of the votes cast is "assessment - -yes,"
32 the board shall proceed in the manner prescribed in this article for
33 providing funds for the district by taxation.

34 C. When collected the money shall be paid into the county treasury to
35 the credit of the district, and may be used for the purposes specified in the
36 notice of the special election.

37 Sec. 53. Section 48-2709, Arizona Revised Statutes, is amended to
38 read:

39 48-2709. Levy of assessments for completion of drainage works;
40 election

41 A. If the money raised by the sale of bonds issued pursuant to this
42 chapter is insufficient, or if the bonds are unavailable for completion of
43 the plans for drainage and works adopted and additional bonds are not voted,
44 the board of directors shall provide for the completion of the plans by the
45 levy of assessments therefor, but such levy shall not be made except as

1 provided by this section, and the question as to whether or not an assessment
 2 shall be made, levied and collected shall first be submitted to a vote of the
 3 electors of the district.

4 B. Before the question is submitted the order of submission shall be
 5 entered in the minutes of the board of directors, stating the amount to be
 6 levied and the purpose thereof, and if submitted at ~~a special~~ AN election
 7 shall in addition fix the day of election AS PRESCRIBED BY SECTION 16-204,
 8 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (a).

9 C. Notice of the ~~special~~ election shall be given by posting notices
 10 thereof in three public places in each election precinct in the district for
 11 at least fifteen days, and by publication of the notice in a newspaper
 12 published in the county in which the office of the board of directors is
 13 located for two successive weeks. The notice shall specify the time of
 14 holding the election and the amount of the assessment proposed to be levied.

15 D. The ~~special~~ election shall be held and the result declared in all
 16 respects as nearly as practicable in conformity with the provisions of
 17 article 4 of this chapter. No informalities in conducting the election shall
 18 invalidate it if the election has been otherwise fairly conducted. The
 19 ballots at the election shall contain the words, "assessment - -yes" and
 20 "assessment - -no."

21 E. If a majority of the votes cast is "assessment - -yes," the board
 22 shall proceed in the same manner as nearly as practicable as prescribed by
 23 this article for raising funds for annual expenditures of the district. If a
 24 majority of the votes cast is "assessment - -no," the result of the election
 25 shall be declared and entered of record on the minutes of the board of
 26 directors.

27 Sec. 54. Section 48-2751, Arizona Revised Statutes, is amended to
 28 read:

29 48-2751. Bond election; results

30 A. For the purpose of constructing the necessary conduits, drains,
 31 sluices, water-gates, pumps, pumping plants, embankments and any and all
 32 other works and appliances necessary for the drainage of the lands of the
 33 district, acquiring the necessary property and rights therefor and otherwise
 34 carrying out ~~the provisions of~~ this chapter, the board of directors of the
 35 district shall, as soon after the district has been organized as is
 36 practicable, and thereafter when the construction fund has been exhausted and
 37 it is necessary to raise additional money for such purposes, estimate and
 38 determine the amount of money necessary to be raised therefor.

39 B. The board shall immediately call ~~a special~~ AN election at which
 40 shall be submitted to the electors of the district the question of whether or
 41 not the bonds of the district shall be issued in the amount so
 42 determined. THE ELECTION SHALL BE HELD ON THE FIRST TUESDAY FOLLOWING THE
 43 FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,
 44 PARAGRAPH 1, SUBDIVISION (d).

1 C. Notice of the election shall be given by posting notice thereof in
2 three public places in each election precinct of the district, or if the
3 district is not divided into divisions, in three public places in the
4 district, for at least twenty days, and by publication of the notice in a
5 newspaper published in the county in which the office of the board of
6 directors is located, once a week for at least two successive weeks. The
7 notice shall specify the time of holding the election, the amount of bonds
8 proposed to be issued, the denominations thereof and the maximum rate of
9 interest which the bonds shall bear.

10 D. The election shall be held and the results thereof determined and
11 declared in all respects as nearly as practicable in conformity with article
12 4 of this chapter governing the election of directors. No informality in
13 conducting the election shall invalidate it if the election has been
14 otherwise fairly conducted.

15 E. At the election the ballots shall contain the words, "bonds - -yes"
16 and "bonds - -no." If a majority of the votes cast at the election is "bonds
17 - -yes," the board of directors shall cause the bonds to be issued. If a
18 majority of the votes cast at the election is "bonds - -no," the result of
19 the election shall be declared by the board of directors and entered on its
20 record, and at any time thereafter when a petition signed by one fourth or
21 more of the qualified electors of the district is presented to the board of
22 directors, the board shall record such presentation in its minutes and shall
23 thereupon again submit such question to the electors of the district in the
24 same manner and with like effect as at the previous election.

25 Sec. 55. Section 48-2773, Arizona Revised Statutes, is amended to
26 read:

27 48-2773. Election to authorize issuance of refunding bonds

28 A. Immediately after entering the petition on its minutes, the board
29 shall call ~~a special~~ AN election at which shall be submitted to the qualified
30 electors of the district the question of whether or not the bonds of the
31 district, in the amount set forth in the petition, shall be issued. **THE**
32 **ELECTION MUST BE HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN NOVEMBER**
33 **AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).**

34 B. Notice of the election shall be given by posting notice thereof in
35 three public places in each election precinct in the district for at least
36 twenty days, and by publication of the notice in a newspaper published in the
37 county in which the office of the board of directors is located, once a week
38 for at least two consecutive weeks before the election. The amount of
39 refunding bonds proposed to be issued and the amount of bonds, coupons or
40 other evidences of indebtedness proposed to be refunded, together with a
41 general description thereof, and the time of holding the election, shall be
42 specified in the notice.

43 C. The election shall be held, and the results thereof determined and
44 declared, in all respects as nearly as practicable in conformity with the
45 provisions of article 4 of this chapter. No informalities in conducting the

election shall invalidate it if the election has been otherwise fairly conducted. The ballots at the election shall contain the words, "Bonds - - Yes" and "Bonds - -No". If two thirds of the votes cast is "Bonds - -Yes", the board of directors shall issue the refunding bonds. If more than one third of the votes cast at the election is "Bonds - -No", the result of the election shall be so declared. The result in either event shall be entered of record in the minutes of the board of directors.

Sec. 56. Section 48-3189, Arizona Revised Statutes, is amended to read:

48-3189. Resolution adopting plan and calling for issuance of bonds; call for bond election

A. Upon receipt of the report of the state certification board the board of directors may determine and declare by resolution that its original plan of works or some modified plan recommended by the state certification board is adopted and that the amount of bonds as stated in its original estimate or a different amount suggested by the state certification board should be issued in order to raise the money necessary therefor.

B. Bonds issued for carrying out a plan disapproved by the state certification board shall not be certified for any purpose by the state certification board, or if any district issues bonds in an amount approved by the state certification board, the district shall not make any material change in the plans thereafter without written consent of the state certification board.

C. Immediately after adoption of the resolution determining the amount of bonds, the board of directors shall call ~~a special~~ AN election at which shall be submitted to the qualified electors of the district the question of whether or not the bonds of the district in such amount shall be authorized. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

Sec. 57. Section 48-3190, Arizona Revised Statutes, is amended to read:

48-3190. Election to authorize issuance of bonds

A. Notice of election shall be given by posting notices in three public places in the district for at least twenty days prior to the date of the election and by publication thereof in a newspaper published in the county in which the office of the board of directors is located, once a week for at least three successive weeks prior to the election. The notice shall specify the time of holding the election, the maximum principal amount of bonds proposed to be issued, the purpose for which the bonds are to be issued and the maximum rate of interest which the bonds are to bear and the location of the polling places.

B. EXCEPT AS OTHERWISE PROVIDED, the election shall be held and the result thereof determined and declared in all respects as nearly as practicable in conformity with article 4 of this chapter governing the

1 election of directors. No informalities in conducting the election shall
2 invalidate the election if it has been otherwise fairly conducted.

3 C. At the election the ballot shall contain the words: "Bonds - -Yes,"
4 and "Bonds - -No,". To the right OF and opposite each phrase shall be placed
5 a square approximately the size of the squares placed opposite the names of
6 candidates on ballots. The voter shall indicate his vote "Bonds - -Yes" or
7 "Bonds - -No" by inserting the mark "X" in the square opposite such
8 phrase. No other question, word or figure need be printed on the
9 ballot. The ballot need not be of any particular size, and sample ballots
10 are not required to be printed, posted or distributed. If the majority of
11 the votes cast is "Bonds - -Yes," the bonds shall be sold at such times and
12 in such amounts as the board of directors deems advisable.

13 D. When thereafter the board deems it for the best interest of the
14 district that bonds be issued for district purposes and that the question of
15 issuance thereof be submitted to the electors, the board shall adopt a
16 resolution to that effect and record it in its minutes, and the board may
17 thereupon submit the questions to the electors in the same manner and with
18 like effect as at the previous election.

19 Sec. 58. Section 48-3618, Arizona Revised Statutes, is amended to
20 read:

21 48-3618. Resolution calling for bond election; notice; manner
22 of conducting election

23 A. After a county flood control district has been established pursuant
24 to this article, the board may order that facilities be acquired,
25 constructed, operated and maintained from available monies of the
26 district. If sufficient monies are not available, the board may call an
27 election of the electors of the district qualified to vote under article VII,
28 section 13, Constitution of Arizona, to obtain approval for incurring bonded
29 indebtedness of the district to obtain revenue to acquire by purchase,
30 construction or otherwise all or any portion of such facilities.

31 B. After authority has been acquired for instituting a project within
32 a zone or a joint project by two or more contiguous zones in a district
33 established under this article, the board may order that the facilities
34 approved in the project or joint project be acquired, constructed, operated
35 and maintained from the monies held by the district treasurer for expenditure
36 in the respective zone or zones. If sufficient monies are not available, the
37 board may call an election of the electors of the zone, or of the zones for
38 which a joint project has been authorized, who are qualified to vote under
39 article VII, section 13, Constitution of Arizona, to obtain approval for
40 incurring bonded indebtedness, to obtain revenue to acquire by purchase,
41 construction or otherwise all or any portion of the facilities.

42 C. The board resolution shall set forth the purpose of the
43 indebtedness, the amount of the indebtedness, the maximum number of years for
44 which the indebtedness is to be incurred, the maximum rate of interest to be
45 paid and the date of the election and shall list the voting places to be used

1 at the election. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING
 2 THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B,
 3 PARAGRAPH 1, SUBDIVISION (d). The resolution constitutes a notice of the
 4 election and shall be published once each week for three consecutive weeks in
 5 a newspaper of general circulation in the area of jurisdiction, or if there
 6 is no such newspaper, then notice shall be posted in not less than three
 7 public places within the area of jurisdiction, the first of which
 8 publications shall be not less than twenty days before the date fixed for the
 9 election. Publication on the same day of each week is sufficient whether or
 10 not a daily newspaper is used for the publication.

11 D. Except as otherwise expressly provided, the election shall be
 12 called and held and the results canvassed in the manner provided by the laws
 13 of this state for holding elections on the issuance of bonds by counties for
 14 general county purposes. ~~The board may~~ For purposes of the election THE
 15 BOARD MAY treat the entire district as a single precinct or may divide the
 16 district into such precincts and fix such polling places as it may see fit.

17 E. If a majority of the votes cast on the proposition is in favor of
 18 incurring the bonded indebtedness proposed, the bonds so authorized may be
 19 sold and issued by the board of directors either at one time or in blocks.

20 Sec. 59. Section 48-4021, Arizona Revised Statutes, is amended to
 21 read:

22 48-4021. Community corrections taxes; election

23 A. If approved at an election pursuant to this section, the district
 24 board of directors may levy either an excise tax in the district as provided
 25 by section 48-4022 or an ad valorem tax on the taxable property in the
 26 district as provided by section 48-4023. A district may not levy both an
 27 excise tax and an ad valorem property tax.

28 B. If the board of directors proposes ~~such a~~ AN EXCISE tax levy, the
 29 board, by resolution, shall either order and call a district-wide special
 30 election or place the issue on the ballot of a regular general election held
 31 in the district. IF THE BOARD PROPOSES AN AD VALOREM TAX, THE BOARD, BY
 32 RESOLUTION SHALL ORDER AND CALL A DISTRICT-WIDE ELECTION TO BE HELD ON THE
 33 FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION
 34 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The board shall specify
 35 on the ballot the purpose of the tax, the maximum rate of tax, the number of
 36 years for which the tax will be authorized and the estimated future revenue
 37 needs including the maintenance of effort requirements imposed on the county
 38 by this article. The rate of tax shall not exceed the limits prescribed by
 39 this article. To be valid the tax authorization must be approved by a
 40 majority of the qualified electors voting at the election.

41 C. In addition to any other requirements prescribed by law, the board
 42 shall prepare, print and distribute publicity pamphlets concerning the tax
 43 issue proposed. The board shall distribute one copy of the publicity
 44 pamphlet to each household containing a registered voter in the district at

1 least ten but not more than thirty days before the election. The publicity
2 pamphlet shall contain all of the following:

- 3 1. The date of the election.
- 4 2. Polling places and the times the polling places will be open.
- 5 3. A true copy of the title and text of the resolution proposing the
6 tax.
- 7 4. A summary of the purposes for which the tax is proposed to be
8 levied.
- 9 5. The estimated revenue needs, including the maintenance of effort
10 requirements imposed on the county by this article, for the described
11 purposes.
- 12 6. An estimate of the annual amount of revenues to be raised from the
13 proposed tax levy.
- 14 7. Arguments for and against the proposed tax levy.

15 Sec. 60. Section 48-4543, Arizona Revised Statutes, is amended to
16 read:

17 48-4543. General obligation bond election; results

18 A. On determining the amount of money that is necessary to be raised
19 for any of the purposes set forth in section 48-4542 and that may be subject
20 to repayment under section 48-4503, subsection B, paragraph 1, the board
21 shall immediately call ~~a special~~ AN election to submit to the electors of the
22 district the question of whether the bonds of the district shall be issued in
23 the amount so determined. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY
24 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,
25 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

26 B. Notice of the election shall be posted in three public places in
27 each election precinct of the district for at least twenty days and by
28 publication in a newspaper published in the county in which the office of the
29 board of directors of the district is located once a week for at least two
30 consecutive weeks. The notice shall state the date of the election, the
31 amount of bonds proposed to be issued, the maximum rate of interest to be
32 borne on the bonds and the denominations.

33 C. The election shall be held and the results shall be determined and
34 declared in a manner as nearly as practicable as provided by section 48-4433
35 governing the election of board members. Informalities in conducting the
36 election do not invalidate the election if it has been otherwise fairly
37 conducted.

38 D. At the election the ballots shall contain the words "bonds--yes"
39 and "bonds--no". If a majority of the votes cast at the election is "bonds--
40 yes", the board of directors shall cause the bonds to be issued. If a
41 majority of the votes cast is "bonds--no", the result of the election shall
42 be declared by the board of directors and entered on its record, and at any
43 time thereafter when a petition signed by one-fourth or more of the qualified
44 electors of the district is presented to the board of directors, the board
45 shall record such presentation in its minutes and shall again submit the

1 question to the electors of the district in the same manner and with similar
2 effect as at the previous election.

3 Sec. 61. Section 48-5501.01, Arizona Revised Statutes, is amended to
4 read:

5 48-5501.01. Establishment of special health care district

6 A. In a county with a population of two million or more persons, the
7 county board of supervisors may submit to a vote of the qualified electors
8 the question of forming a special health care district. The board of
9 supervisors may submit as a single issue the question of forming the special
10 health care district with authority to impose a secondary property tax
11 pursuant to sections 48-5563 and 48-5565 and bonding authority. A special
12 health care district formed pursuant to this section shall be geographically
13 coterminous with the county boundaries, and the qualified electors of the
14 county are qualified electors for any election held pursuant to this section.

15 B. If a majority of the qualified electors voting on the issue
16 approves the formation of the special health care district, the board of
17 supervisors shall order the establishment of the special health care district
18 and shall serve as the board of directors of the district until directors are
19 elected at the next general election as prescribed by section
20 48-5541.01. The order of the board of supervisors establishing the special
21 health care district is final, and the special health care district is
22 established on issuance of the order establishing the district.

23 C. The board of supervisors may also include at the formation election
24 or at any other election called for that purpose the question of issuance of
25 bonds pursuant to section 48-5566. ANY ELECTION THAT INCLUDES THE QUESTION
26 OF ISSUANCE OF BONDS MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST
27 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH
28 1, SUBDIVISION (d).

29 D. A special health care district is a tax levying public improvement
30 district for all purposes of article XIII, section 7, Constitution of
31 Arizona, to the extent of the powers, privileges and immunities conferred by
32 this chapter or granted generally to tax levying public improvement districts
33 by the constitution and statutes of this state.

34 E. If a special health care district is established pursuant to this
35 section, beginning in the fiscal year that county health care system
36 operations are transferred to the district, the economic estimates commission
37 shall decrease the county's base expenditure limit as provided by section
38 41-563 by an amount determined as follows:

39 1. Divide the amount of the county's expenditures subject to
40 limitation that pertain to the transferred health care system operations for
41 the preceding fiscal year, as determined by the auditor general from the
42 annual expenditure limitation report of the county, by the GDP price
43 deflator, as defined in section 41-563, for that fiscal year used to
44 calculate expenditure limitations for the fiscal year of the transfer.

1 2. Multiply the quotient by the GDP price deflator determined for
2 fiscal year 1979-1980.

3 3. Divide the amount determined in paragraph 2 for the fiscal year of
4 the transfer by the population of the county, as defined in article IX,
5 section 20, subsection (3), paragraph (f), Constitution of Arizona, for the
6 same fiscal year used to calculate expenditure limitations for the fiscal
7 year of the transfer.

8 4. Multiply the quotient by the population of the county for fiscal
9 year 1979-1980.

10 Sec. 62. Section 48-5566, Arizona Revised Statutes, is amended to
11 read:

12 48-5566. Issuing bonds; election

13 A. On the approval of a majority of the qualified electors, a special
14 health care district may issue bonds to carry out any of the provisions of
15 this article. If the board of directors determines that bonds should be
16 issued, the board of directors shall apply to the board of supervisors, and
17 the board of supervisors shall submit to a vote of the qualified electors
18 residing in the district the question in the manner prescribed by title 35,
19 chapter 3, article 3. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY
20 FOLLOWING THE FIRST MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204,
21 SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).

22 B. If a majority of the qualified electors voting on the issue ~~at an~~
23 ~~election scheduled pursuant to section 48-5503, subsection B~~ approves the
24 issue, the bonds shall be issued as provided by law.

25 Sec. 63. 2006 primary property tax levies; counties, cities,
26 towns and community college districts

27 Notwithstanding sections 15-1461.01 and 42-17107, Arizona Revised
28 Statutes, for the 2006 tax year a county, city, town or community college
29 district shall not fix, levy or assess an amount of primary property taxes
30 that exceeds the lesser of:

31 1. The amount levied in the 2005 tax year, excluding amounts that are
32 attributable to new construction, and multiplied by 1.02.

33 2. The levy limit prescribed by article IX, section 19, Constitution
34 of Arizona, for the county, city, town or community college district for the
35 2006 tax year.

36 Sec. 64. Retroactivity

37 Section 43-1011, Arizona Revised Statutes, as amended by this act,
38 applies retroactively to taxable years beginning from and after December 31,
39 2005.

40 Sec. 65. Effective date

41 A. Sections 20 through 27 of this act are effective from and after
42 October 31, 2006.

43 B. Sections 1 through 16, 28, 29, 30 and 33 through 62 of this act are
44 effective from and after June 30, 2007.